



Daily Report

East Asia

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ASEAN, PRC Discuss Island Disputes, Nuclear Issue

*BK1406082496 Bangkok BANGKOK POST
in English 14 Jun 96 p 5*

[Report by Anurat Maniphan: "China Backs Further Dialogue But Proves Wary About Change"]

[FBIS Transcribed Text] Through a day of talks in Bukit Tinggi, West Sumatra on Monday, China showed that it wants to continue talking with ASEAN and to raise the level of the dialogue.

But Beijing's representative also made clear — through comments on the South China Sea and the recent nuclear testing in Xinjiang — that China would hardly do so at the cost of changing its fundamental views.

On the South China Sea, Deputy Foreign Minister Tang Jia Xuan took many questions on Beijing's controversial declaration of a 200-mile exclusive economic zone last month from a "base line" drawn at the Paracel Islands.

But Mr Tang came out of the session unscathed. His suggestion that ASEAN and China allow for an exchange of views among Law of the Sea experts on the issue bought time for China, and has left ASEAN bearing something of the accuser's burden of having to produce the proof.

ASEAN gave no immediate reply and, in turn, played for time to study the idea.

"We have not taken a decision on it yet. We think we should see the advantage and disadvantages of this proposal (first)," said Izar Ibrahim, director-general of the Indonesian foreign ministry's political department.

But a decision will have to be made as the ball is in ASEAN's court, said a Thai foreign affairs analyst.

"ASEAN member states raised the questions. They now have to prove that Beijing did something illegal. And the Law of the Sea, with its loopholes, is open to interpretation," he said.

ASEAN countries with specific interests in the area should lead the search for a way out of this legal problem.

Four ASEAN states — Brunei, Malaysia, Philippines and Vietnam — have claimed all or parts of the Spratly islands. Vietnam and China have quarrelled over the Paracels for 40 years. But the South China Sea, where these resources-rich island chains lie, also hold vital trade routes for most countries in Southeast Asia, including Thailand, needing to send goods to Northeast Asia, Europe and the Americas.

"It is good that China has based its claims on the Law of the Sea, but the claims have to be accurate," said Jusuf Wanadi of the Jakarta-based think tank, Centre for Strategic and International Studies.

Among other things, international lawyers have pointed out that the Paracels are not considered an archipelago.

But for many officials, the fact that ASEAN and China managed to have a dialogue on the South China Sea issues was in itself an achievement.

"We asked a lot of questions. There were heated moments but it was friendly," said one delegate.

"Now it seems they (the Chinese) are more open to have a dialogue with ASEAN. We should seize the opportunity to exchange views on this particular issue which is very important to the region," said Mr Ibrahim.

Before senior officials of ASEAN and China gathered for what was their second consultative meeting, Vietnam and the Philippines had already lodged formal protests.

Brunei, Indonesia, Malaysia, Singapore, and Thailand are also members of the Association of Southeast Asian Nations.

On the nuclear test at Xinjiang on June 8, Mr Tang reiterated the Beijing argument that nuclear tests are necessary to China's self-defence, and that another one would be conducted by September.

What was new in this connection was the fact that ASEAN voiced "concern" on the matter, which showed a certain confidence of the grouping in its relationship with China.

That the concern was expressed by Thailand's chief delegate, Deputy Permanent Secretary for Foreign Affairs Sarot Chawanawirat, was probably no accident.

By most accounts, the meeting in Bukit Tinggi was a marked improvement on the first consultative meeting between senior officials of ASEAN and China which took place in Hangzhou, southeastern China in April 1995.

"Hangzhou broke the ice," said Mr Wanadi, of the Jakarta-based think tank. "There was a very hectic exchange (then) direct and quite unsettling to the Chinese."

The Hangzhou gathering took place scarcely a month after ASEAN had issued a statement of "concern" over the stand-off between the Philippines and China over Mischief Reef where Manila found "structures" built by China some two months earlier.

This situation remains less than perfect. But Philippines Foreign Minister Domingo Siazon held high level talks

in Beijing shortly before his deputy, Rod Severing joined the ASEAN-China consultations in Bukit Tinggi. And the two countries are to step up military as well as political and economic cooperation.

The June 11 ASEAN-China consultations were the first for Vietnam, which joined ASEAN only last July. Minister Assistant for Foreign Affairs Nguyen Tam Chien headed Hanoi's delegation, backed up by a China expert.

During the talks, the Vietnamese protested the lack of mention of the Paracels but apparently did not insist on it when they received no reply from China.

Vietnam "always plays very carefully where China is concerned observed Mr Wanadi. "Slowly but surely they are becoming very much part of ASEAN," he added.

The ASEAN dialogue with China may be slow to start with. But both sides agree on the need to build on it and ASEAN chair Indonesia has warned that longstanding disputes that are left to linger could threaten the peace all countries involved need to prosper.

South Pacific Forum Condemns China's Latest Nuclear Test

*BK1106063796 Melbourne Radio Australia
in English 0500 GMT 11 Jun 96*

[FBIS Transcribed Text] The South Pacific Forum, which represents 15 Pacific nations has condemned China's latest nuclear weapons' test. As Richard Dinon reports, the forum says China will damage its relations with Pacific nations if it continues nuclear tests. Secretary General Ieremia Tabai says the forum condemns, and is disappointed, by China's decision to explode a nuclear bomb on Saturday [8 June] at the Lop Nor test site. Mr. Tabai says China remains the only nation still carrying out nuclear tests and is showing a willful defiance of world and regional opinion.

China wants at least one more nuclear test, but Mr. Tabai says that is one too many. He says China's stance could adversely affect its relations with the Pacific. Links, he says, will be discussed when the forum meets in the Marshall Islands in September. Mr. Tabai says Saturday's test came at a crucial stage in negotiations for a global Comprehensive Test Ban Treaty. He urged negotiators to step up their efforts to conclude that treaty.

Members To Benefit 'Mutually' From Mekong Basin Project

*BK1606122396 Kuala Lumpur SUNDAY STAR
in English 16 Jun 96*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Senior officials of the ASEAN-Mekong Development Co-operation (AMDC) agreed yesterday that its development programmes would be sensitive to each nations' needs.

International Trade and Industry Ministry secretary-general Datuk Asmat Kamaludin who chaired the meeting said the AMDC must ensure it did not rush projects.

"The projects should contribute to physical amenities that would complement economic development. It should be mutually beneficial.

"We must be careful so that countries don't feel they have to contribute something and find themselves lacking funds for their own project," he told newsmen after the conclusion of the meeting.

Asmat said there was concern among the member countries that funds for the projects must be given on a voluntary basis.

"When we talk about mobilising funds, we must be aware of constraints and difficulties of member countries."

He said that senior officers would submit guidelines on the basic framework for selecting projects to ministers of the 11 countries when they meet tomorrow.

The meeting to be attended by the seven ASEAN members, Cambodia, Laos, Myanmar [Burma] and China, will be opened by Deputy Prime Minister Datuk Sri Anwar Ibrahim.

Asmat said that senior officials also looked into the possibility of private sector participation in the projects on a build-operate-transfer basis.

APEC Business Advisory Council Plans To Focus on Key Areas

*BK1706090196 Manila PNA in English
0338 GMT 17 Jun 96*

[Received via Internet]

[FBIS Transcribed Text] Manila, June 16 (PNA) — Business advisers to the Asia-Pacific Economic Conference (APEC) today capped their first meeting here with a commitment to focus on five key areas to help

fast-track trade liberalization and cooperation among the 18 member economies.

In a press conference at the EDSA Plaza Shangri-La Hotel, the APEC Business Advisory Council (ABAC) Chair Roberto Romulo said these major concerns are on infrastructure, finance and investment, small and medium-scale enterprises (SMEs) and human resource development (HRD), the facilitation of cross-border mobility, and the strengthening of the APEC community spirit.

Romulo, chairman of the Philippine Long Distance Telephone Co. and former Philippine Foreign Secretary, said the Council has decided to follow the APEC practice of consensus and chose the Philippines as provisional host for the ABAC Secretariat.

The Philippines, which chairs APEC '96, has Japan and Canada as co-chairs for ABAC.

Romulo described the two-day meeting as "exciting, challenging," and having the sense of the APEC community. "This is a group that transcends rhetoric. These business leaders live in a world of reality and will come up with practical, real-world recommendations."

ABAC co-Chair Minoru Murofushi, president and CEO [chief executive officer] of ITOCHU Corp. in Japan, said the Council will provide APEC leaders "direct, hard-hitting, and specific advice" on how to speed up tariff reduction and ease the flow of trade and investments within the region.

"We want APEC to act quickly to allow business and investment to work better in the dynamic Asia-Pacific region," Murofushi said.

Another ABAC co-Chair Dorothy Riddle, president and CEO of Service-Growth Consultants, Inc. in Canada, said the Council will add value to the APEC process not only in terms of trade and investments, but also "in the critical areas of SMEs and HRD."

Romulo said that during its meeting, the permanent business group within APEC also created five task forces that will report to the Council when ABAC meets again in Hawaii in August and in Hong Kong in September. He added that ABAC will likewise consult with other business organization if need be.

Established in 1989, APEC groups Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Chinese Taipei, Thailand, and the United States.

CEO's Seek Waiver of Visa Requirements for APEC Businessmen

BK1706094196 Manila PNA in English
0338 GMT 17 Jun 96

[Received via Internet]

[FBIS Transcribed Text] Manila, June 16 (PNA) — Drawing from their own successful business ventures, 44 Chief Executive Officers (CEOs) representing the 18 member economies of the Asia-Pacific Economic Cooperation (APEC) today moved for a borderless Asia-Pacific as an initial step toward hastening the pace of liberalization in the region.

In a press conference at the end of the first APEC Business Advisory Council (ABAC) held at the EDSA Shangri-La, Jose Luis Yulo, immediate past president of the Philippine Chamber of Commerce and Industry and co-chair of ABAC's committee on cross-border movement/flows, said CEOs want a five-year waiver of visa requirements for businessmen from APEC member economies to speed up the movement of people, goods, services, information, and capital flows.

"The realization of economic cooperation among APEC economies, specifically within the business sector, inherently relies on the facilitation of cross border movement/flows. The evolution and development of APEC-wide guidelines and procedures that provide the conditions for more flexible and accommodating mobility of the factors of business activities is fundamental to the growth of APEC as a business community," the committee report said.

Yulo said the grant of a five-year visa-free structure for businessmen is already widely accepted among ABAC members. Only the questions of how extensive and how soon the concept could be applied would have to be discussed further by the council.

A consensus has been reached during the meet on the endorsement of a multiple, 60-day per entry visa for businessmen certified by the APEC. "In the interim, as a first step, we suggest that by November 1997, or within a period of one year that APEC economies should introduce a five-year, 60-day per entry business visa," he added.

Those applying for a business visa will have to be certified by a chamber of commerce or an equivalent prestigious organization.

Robert Denham, chairman and CEO of Salomon Inc., parent company of Salomon Brothers, Phibro Energy, and Basis Petroleum Inc., said it was important "to improve the ability" of business people to move from

one economy to another both in the short-term and long-term.

"My experience in my business, we have situations wherein we have to move someone from one country to another within APEC. It would be a great benefit to do it more quickly. Every business person I talked to in the region shares this view to improve the climate of business in the region," he said.

A smart visa that would facilitate the movement of the business personnel in the region was also one of the four issues which the Philippine delegation proposed to the ABAC.

The ABAC ministers have assigned two specific functions to the ABAC:

1) to provide advice on implementation of the action agenda and on other specific business sector priorities; and

2) to respond when various APEC for a request information about business-related issued or the business perspective on specific areas of cooperation. [statement as received]

The recommendations from ABAC will be considered in the framing of the 1996 Manila Action Agenda for APEC or MAPA '96, which will be drawn up during the All Leaders Summit in Subic this November.

Japan

Japan: Ikeda Praises U.S.-PRC Accord on IPR Issue

OW1806024796 Tokyo KYODO in English
0235 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Japan views the latest U.S.-China accord on combating copyright piracy as good for the international community, Foreign Minister Yukihiko Ikeda said Tuesday [18 June].

"This is favorable for China, for the relationship between the United States and China and for the whole of international society," he said at a press conference, referring to Monday's accord between the U.S. and China on intellectual property rights (IPR).

Trade negotiators from the two countries struck a deal on stamping out copyright piracy, thus averting a damaging trade war.

Ikeda also said the result of the latest talks shows how desirable it is for China to "act in harmony with international society and in accordance with its rules."

Japan: Tsukahara Rejects Call for Semiconductor Numerical Targets

OW1806030696 Tokyo KYODO in English
0246 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — International Trade and Industry Minister Shumpei Tsukahara reiterated Tuesday [18 June] Japan's opposition to bringing numerical targets into ongoing talks with the United States on the expiring bilateral semiconductor agreement.

"We cannot go forward" if the U.S. sets numerical targets for foreign market share in Japan, Tsukahara said at a news conference.

The foreign share of the Japanese microchip market hit 31.0 percent in the January-March quarter under the Japanese way of calculation and 30.6 percent under the U.S. method, it was reported Monday.

The figures compare with the 30.2 percent and 29.6 percent, respectively, registered in the previous quarter and stand far above the 20 percent targeted by the U.S. in the 1991 microchip accord.

Welcoming the growing foreign share as a fruit of bilateral cooperation under the accord, acting U.S. Trade Representative Charlene Barshefsky said, "It is essential that we preserve and continue this progress."

Tsukahara, however, took issue with that view, saying, "that will lead to setting (another) numerical target."

"Everything will be gone if you take the figure (the January-March foreign share) as a prerequisite in talks," he said.

The two countries are now holding working-level talks in Tokyo to discuss bilateral partnership in semiconductor trade after the July 31 expiry of the current pact.

Japan rejects a renewal of the accord, saying government involvement in the market is no longer necessary, given the rising foreign presence.

It instead calls for monitoring an initiative between Japanese and U.S. semiconductor makers to forge a private-sector partnership framework to replace the pact.

The U.S., however, contends that the governments should continue playing some role to ensure industry-level cooperation, though it offers to drop the current 20 percent target.

Japan: MITI Official Comments on Working-Level Chip Talks

OW1806070496 Tokyo KYODO in English
0622 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Japan and the United States remained at odds in a bilateral trade dispute over the expiring semiconductor accord at the end of two-day working-level talks in Tokyo on Tuesday [18 June].

The two sides "clarified differences and similarities" between their positions on the issue, a Ministry of International Trade and Industry (MITI) official said.

The talks will be followed by a vice-ministerial session scheduled to take place in Washington later this week.

But government sources say the matter is unlikely to be resolved before the Lyons summit of the Group of Seven industrial powers later this month, given the yawning gap between the two sides.

At the working-level session, Japan reiterated its view that the current agreement for improving foreign access to the Japanese chip market should be allowed to expire July 31 as scheduled, as it has fulfilled its objectives, the MITI official said.

MITI had reported Monday that foreign share of the Japanese chip market hit a record 31.0 percent in the January-March quarter, according to the Japanese method of calculation.

The figure stands far above the 20 percent targeted by the U.S. in the agreement.

However, the official said, the U.S. also maintained its position that there must be a governmental agreement

so that bilateral cooperation in semiconductor trade is ensured during and after August, arguing that the "progress" made under the current pact must be preserved.

He said the Japanese side emphasized that such an agreement would be unacceptable if it refers to numerical targets, which can lead to managed trade.

Japan: MITI Official Says U.S. Compromise Plan 'Unacceptable'

OW1806121196 Tokyo KYODO in English
1140 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — A compromise plan by the United States on a microchip trade dispute with Japan is "an extension of the current framework" and "100 percent unacceptable," a senior official of the Ministry of International Trade and Industry (MITI) said Tuesday [18 June].

Japan and the U.S. ended a two-day working-level session in Tokyo the same day but are still far apart on whether the existing bilateral accord should be extended after its July 31 expiration.

According to the MITI official, the U.S. side made a new compromise proposal, while still pressing for the accord to be extended.

The compromise plan contains three main points.

First, no numerical target for foreign microchip share of the Japanese market will be set but the current 30 percent share should be regarded as the minimum level.

Second, the number of monitoring sessions on foreign chip share conducted by the Japanese and the U.S. Governments can be reduced to one or two times a year from the current three times.

Third, the number of microchip products subject to the joint share survey can be reduced.

The MITI official said Japan refused the plan because MITI considers it an extension of the current framework that "paves the way for managed trade."

Japan repeated its stance that the 1991 microchip accord, stipulating a 20 percent share for foreign semiconductors in the Japanese market, completed its target and the governmental accord should be replaced with private-level business cooperation efforts.

The two sides agreed that they will hold a subcommittee-level session beginning Thursday in Washington, aiming to resolve the issue before the Lyons Summit of the Group of Seven (G-7) industrialized nations later this month.

Another MITI official said, however, "the subcommittee-level session will again be a stage for both sides to confirm their differences, rather than overcome differences."

Japan: Text of MITI Statement on Foreign Share of Chips Market

OW1806090396 (Internet) Japanese Ministry of International Trade and Industry WWW in Japanese
17 Jun 96

[Information released by the Japanese Ministry of International Trade and Industry (MITI); from the "Press Releases" link]

[FBIS Translated Text] MITI Statement on the Report on the Market Share of Foreign Semiconductors [sub-head]

1. The share of foreign semiconductors in the Japanese market in the first quarter (January to March) of 1996, as announced by the Japanese and U.S. Governments today, based on the bilateral semiconductor agreement, exceeded 30 percent, as in the previous quarter.

2. Although such a market share is nothing more than a business result, the figure announced today is a result of structural changes in the demand for semiconductors in Japan, such as the steady increase in demand for personal computers, portable communications terminals, and video game equipment and the growing cooperation between foreign suppliers and Japanese users, as typified by "design-in" efforts. This indicates that competitive foreign semiconductors have fully established their position as an indispensable component of the Japanese market.

3. Furthermore, since the Japan-U.S. Semiconductor Agreement has already achieved its goal, we believe that the accord should expire by the end of July 1996 as agreed upon in the document.

Japan: Foreign Microchips Gain Record 31 Percent in Market

OW1706145396 Tokyo KYODO in English
1346 GMT 17 Jun 96

[FBIS Transcribed Text] Tokyo, June 17 KYODO — Foreign semiconductors won a 31 percent share of the Japanese market in the January-March quarter of 1996, a record quarterly figure, indicating that the Japan-U.S. microchip accord should expire at the end of July, the Ministry of International Trade and Industry said Monday [17 June].

The 31 percent share followed the 23 to 24 percent seen between the second half of 1994 and the first half

of 1995, followed by the 27 percent in the 1995 third quarter and 30.2 percent in the fourth quarter.

The share was calculated by a Japanese formula under which foreign semiconductors are identified by "brand" and "captives" (semiconductors manufactured and used internally by a company that does not sell semiconductors in the merchant market).

Under a U.S. calculating method which excludes chips for in-house use, the market share came to 30.6 percent, compared with 26.2 percent in the 1995 third quarter, and 29.6 percent in the fourth quarter.

"The significant increase in the market share reflects recent structural change in demand such as steadily increased demand in personal computers, mobile telecommunication equipment and video games," the ministry said.

It also reflects favorable effects in partnerships developed between foreign suppliers and Japanese users to collaborate from the design stage, it also said.

"The competitive foreign semiconductors have been firmly incorporated as indispensable products in the Japanese market," it said.

"Thus, the Japan-U.S. semiconductor arrangement has fully achieved its objectives and shall expire at the end of July this year," the ministry added.

The ministry said it was the first time that the foreign microchip share exceeded 30 percent by both the Japanese and the U.S. calculation methods.

The share in the 1996 first quarter also marked the 10th consecutive quarter since the October-December period of 1993 that the percentage figure remained above the 20 percent target set in the Japan-U.S. chip accord, the ministry added.

Following the ministry announcement, Takuji Shimura, vice chairman of the Users' Committee of Foreign Semiconductors, released a written comment, saying the figure confirmed that commercially competitive foreign semiconductors are solidly established in the Japanese market.

He said, however, that the current system of foreign share calculation based on the national origin of investment does not reflect the realities of a globalized business community.

It is also "questionable under the world trade organization rules," he said.

"It is apparent that government involvement in the semiconductor sector is no longer necessary," he added.

Japan: MITI Comments on Market Shares of Fuji, Kodak

OW1806090196 (Internet) Japanese Ministry of International Trade and Industry WWW in Japanese 14 Jun

[Information released by the Japanese Ministry of International Trade and Industry (MITI); from the "Press Release" link]

[FBIS 'Translated' Text] 1. The quantity of color photo film that Japan imports for ordinary use has been increasing in recent years, reaching 19.1 percent in January-November 1995.

2. The amount of photographic paper imported is also increasing, reaching 37.1 percent for January-November 1995.

3. Prices of photo film in Japan are lower than in Europe and the United States.

Facts

Even considering the currently strong yen, Japanese prices for color photo film for ordinary use are just about the same as in the United States and relatively lower than in European countries.

4. It is said that market shares of Fuji Photo Film Co. and Eastman Kodak Co. in Japan are roughly 70 and 10 percent respectively.

However, Kodak enjoys a roughly 70-percent share of the U.S. market, while Fuji has 10 percent. Business performances of the two countries are mirror images of each other.

Also, the two countries' market shares in the world market are roughly the same.

Facts

1. Although it is said that the market shares of Fuji and Kodak in Japan are roughly 70 and 10 percent respectively, Fuji's market share is higher than Kodak's in Asia overall.

2. On the other hand, the situation is reportedly the other way around in the U.S. market.

3. Market shares of Fuji and Kodak in the world market, except for Japan and the United States, are just about the same, at the 30-percent level.

**Japan: Price Manipulation by Sumitomo Chief
Trader Probed**

OW1706133596 Tokyo KYODO in English
1229 GMT 17 Jun 96

[FBIS Transcribed Text] Tokyo, June 17 KYODO — Suspicion has emerged that the head of the copper trading section at Sumitomo Corp. had attempted to engage in fictitious trading and price manipulation, trading sources said Monday [17 June].

Yasuo Hamanaka, then head of Sumitomo's nonferrous metal trading section, was fired Friday after he was found to have racked up at least 1.8 billion U.S. dollars worth of losses in unauthorized copper trading over the past 10 years.

The sources said the investigation by Britain's Serious Fraud Office (SFO) will cover Hamanaka's suspected involvement in fictitious copper trading and price manipulation.

The investigation is expected to take some time, they said.

The sources, quoting traders on the London Metal Exchange, said Hamanaka asked brokers to prepare false transaction slips in October 1991 in an apparent attempt to fabricate trading.

But an investigation conducted by the Securities Investment Board (SIB) failed to find evidence, they said.

When copper prices soared in 1993, rumors were rife among traders that Hamanaka had manipulated prices. No evidence was discovered, they said.

The sources said the scandal raised possible links with a similar affair in 1993 in which Chile's state-run copper Corporation Codelco suffered a \$175 million loss in illegal trading.

They said the SIB and the U.S. Commodity Futures Trading Commission have launched an investigation on price rises since around December last year, suspecting price manipulation by Hamanaka and associates.

Sumitomo has pledged full cooperation with the investigation, while Japan's ministry of international trade and industry is following closely with progress of the probe.

**Japan: Construction Talks With U.S. To Open 19
Jun**

OW1806114596 Tokyo KYODO in English
0930 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Japan and the United States will open two days of construction talks in Tokyo on Wednesday [19 June], with discussions expected to focus on the opening of an

airport project to U.S. companies, government officials said Tuesday.

The session, to be held at the Foreign Ministry, is designed to review progress of an action program for the opening of the Japanese construction market to foreign companies. The action program was agreed on by the two countries in 1994.

The agreement calls for the Japanese Government to allow U.S. firms to participate in bidding for major public works projects.

The project involves construction of a new international airport near the central Japanese industrial city of Nagoya.

Under a five-year airport consolidation program for the 1996-2000 period which was unveiled in February, an appropriation for feasibility studies has been earmarked for the project.

Washington has asked that U.S. contractors be given access to the project's designing and consulting stages, complaining that foreign firms were barred from four contracts already signed.

The Transport Ministry, however, brushed aside the complaint, arguing that the project has not yet started because the exact location of the airport has yet to be chosen.

The ministry said it will provide as much information on the project as possible to foreign companies.

**Japan: Okinawa Governor Comments on Meeting
With Secretary Perry**

OW1806002796 Tokyo KYODO in English
2323 GMT 17 Jun 96

[FBIS Transcribed Text] Washington, June 17 KYODO — U.S. Defense Secretary William Perry sought support Monday [17 June] for ongoing efforts with the Japanese Government to reduce and consolidate U.S. bases in Okinawa Prefecture, Okinawa Gov. Masahide Ota said.

Ota, who arrived here Friday on a visit that will continue until Wednesday, was speaking to reporters following his first-ever meeting with Perry, at the Defense Department.

Perry told Ota that the two nations are actively proceeding with discussions to reduce the concentration of U.S. facilities in Okinawa, through a joint action committee, while the governor noted that both governments have clearly acknowledged the importance of U.S. bases in Okinawa in respect to security in the Asia-Pacific region, the governor said.

Ota said he had explained to Perry the difficulty of the situation, including residents' opposition, concerning a proposal to relocate a U.S. military heliport from the Futenma airfield to Kadena Air Base, both within Okinawa, as part of a plan to completely return the land occupied by Futenma base, a key facility of the U.S. Marine Corps, to its Japanese landowners.

During his stay here, Ota is also scheduled to meet with U.S. legislators, scholars and business leaders to seek investment and cooperation in regard to a proposed project to set up facilities such as research and educational centers on sites currently occupied by U.S. bases.

Tokyo and Washington agreed in April to return some 20 percent of the land now being used by U.S. Military forces in Okinawa, including Futenma base, within five to seven years.

About 75 percent of all land used by the U.S. military in Japan is concentrated in Okinawa, although the island prefecture makes up only 0.6 percent of Japan's total land area.

The joint action committee was established last November to seek concrete measures within a year to reduce and consolidate U.S. bases in Okinawa. The move followed the rape last September of a local schoolgirl by three U.S. servicemen.

Japan: Paper Challenges Governor Ota's Position on U.S. Bases

OW1806093496 Tokyo SANKEI SHIMBUN
in Japanese 15 Jun 96 Morning Edition p 2

[Article by editor Akihiko Ushiba: "Contradictory Words and Deeds of Okinawa Governor Ota"]

[FBIS Translated Text] Despite repeated requests from the national government, it is believed that Governor Masahide Ota of Okinawa will refuse to undertake the necessary procedures for the forcible use of part of the land occupied by the U.S. forces' Sobe Communications Facility.

Sobe is scheduled to be returned in five years. This refusal cannot possibly lead to the immediate relocation of this facility.

Therefore, the governor's refusal is nothing but an act that may estrange Japan-U.S. relations.

On the one hand, the governor is pouring cold water on the bilateral relationship; on the other, he is expressing great appreciation for the joint declaration that stipulated the reorganization and consolidation of U.S. bases. There are just too many contradictions in the governor's words and deeds.

Governor Ota's position so far can be summarized as follows:

1) The Japan-U.S. security alliance will be honored; 2) all U.S. military bases will have to be withdrawn by the year 2015; 3) U.S. military bases should be hosted by various localities all over the country; 4) there is no intention to impose the burden of Okinawa Prefecture on the other prefectures; 5) it is the national government's responsibility to secure land for the U.S. forces and relocate the bases; and 6) the national government needs to do its best for the conversion of returned base land.

Admittedly, some contradictions will be inevitable, because the above ideas were taken out of context. Even so, the governor's position is unrealistic and irrational.

Take for example, 1) and 2). In the first place, geographical conditions in Okinawa will never change; therefore, its strategic value will remain unchanged. Unless there is a radical change in U.S. strategy or the security treaty is abrogated, the fact is that the complete withdrawal of U.S. bases would be inconceivable.

Furthermore, by 2015, China will almost certainly have become a major military power. If there are no U.S. military bases on Okinawa, the implications will be serious, not only for Japan but also for the Asian nations.

Next, let us look at the logical links among 1), 2) and 4). If "the bases are to be removed from Okinawa, but this burden will not be imposed on the Japanese mainland," the only way out is to withdraw all U.S. forces from Japan. The practical question is: Is it possible to maintain the bilateral security alliance without stationing U.S. forces in Japan?

Moreover, the governor's position that "the burden of U.S. military bases should be shared by Japan as a whole," as seen in 3), contradicts his position in 4).

Assuming all U.S. military bases disappear from Okinawa and the whole of Japan shares the burden, as the governor proposes, other prefectures will have to bear this burden. Will Okinawa Prefecture then be willing to give up the economic "privileges" that it now enjoys?

The proportion of revenue sources dependent on the national government—including allocations from the national treasury, the local allocation tax, taxes shared with the national government, and prefectural government bonds—in Okinawa Prefecture's revenue income in its initial budget for FY95 was about 77.6 percent (the national average was 48 percent). With regard to the U.S. military bases, apart from the facility leases and wages for the Japanese employees (around 7,800), approximately 17.4 billion yen was appropriated from the

defense budget (in FY95) for projects in areas neighboring the bases.

It is absolutely right that "it is the national government's responsibility to secure land for the U.S. forces, and to relocate the bases." That is why the national government has repeatedly asked for Okinawa's understanding and cooperation.

To a certain extent, it is also true that "the national government needs to do its best for the conversion of returned military land." However, the conversion of returned military land is actually the prefectural government's job. Moreover, it should not be forgotten that injecting an enormous amount of national funds in Okinawa will mean a much greater tax burden on the people of other prefectures.

For sure, the situation in Okinawa cannot remain unchanged. It goes without saying that the national government should do its utmost to strike a balance between maintaining and reinforcing the functions of the U.S. military bases and ensuring a prosperous life for the Okinawan people. "Compensation" for what has transpired in the past is also necessary.

However, everything the government does requires Okinawa's cooperation. Using certain anti-Japanese and anti-U.S. ideological struggles in this issue and making sensational statements without showing a cooperative attitude may rather provoke the antagonism of many Japanese people.

Japan: Article on U.S. 'Misreading' of World Affairs

OW1806113696 (Internet) Shima Media Network
WWW in English 18 Jun 96

[Part 1 of serial article by Taoka Shunji, AERA staff writer; from on-line weekly magazine TOKYO KALEI-DOSCOOP No.89]

[FBIS Transcribed Text] Judging International Affairs - The Enlightening Fallacies of Morse's Paper (Part 1)

Taoka Shunji (Staff writer for AERA, a Japanese weekly)

Despite having a gigantic intelligence apparatus, the United States has consistently managed to misread international affairs.

A History of Misjudgment

Even if one looks only at the period following the Second World War, during which the United States has served as the leader of the West, it is evident that the United States has repeatedly committed grave errors in judging international affairs. For example:

1) The United States ignored numerous signs of North Korean aggression against South Korea and ruled out an attack on the South. (Korean War)

2) Even though China had warned that it would intervene if U.S. troops crossed the 38th parallel, the United States deemed that "China will stay out" and marched north, only to be routed by the Chinese. (Korean War)

3) The United States thought that dispatching military advisers would prop up the South Vietnamese government, but ended up being bogged down in a quagmire. (Vietnam War)

4) In Iran, the United States supported the Pahlavi administration and encouraged extensive militarization, seeking to use Iran as an agent for American interests in the Middle East. This led to a wave of anti-American sentiment. (Iranian Revolution)

5) Thereafter, the United States supported the Saddam Hussein administration, which had launched a surprise attack on Iran. Iraq's excessive militarization led to a financial crisis and planted the seed for Iraq's later invasion of Kuwait. (Iran-Iraq War)

6) In Afghanistan, the United States judged that the Soviets would succeed in their quest to dominate the country. (Soviet invasion of Afghanistan)

7) In the early '80s, even though the Soviet economy had fallen into recession, defeat in Afghanistan had become a certainty, and the pace of warship construction and aeronautical development had started to drop, the United States misread the Soviet military as undergoing expansion and overspent on its own military - spending which led to today's federal budget deficit of \$5 trillion and net foreign debt of \$500 billion.

Yet the United States manages to survive intact because, primarily, it enjoys numerous advantages:

1) It is located in a safe environment, with oceans to the east and west, and Mexico and Canada to the south and north, 2) the country is affluent thanks to extensive natural resources and high technical standards, 3) internal dissent is relatively insignificant because of freedom in the political and economic systems, and 4) the United States exercises relatively little domination in relationships with its allies. It is as if there were a captain of a yacht who is lousy at predicting the weather, but who nonetheless manages to sail on safely, because his yacht is large, stable and powered by a strong engine. Yet, given the bloated federal deficit, foreign debt, growing gap between rich and poor, and numerous resultant societal problems such as crime, it also seems that water is starting to seep in from cracks in the hull.

The USSR, on the other hand, did not have such good luck with the same situations. It failed to predict Adolf Hitler's attack, judged that "the United States won't intervene" and told Kim Il Sung to march south in the Korean War, and sent troops into Afghanistan, expecting to overcome ethnic resistance against the leftist government merely by replacing the head of government. These three errors of judgment proved fatal - the USSR lost its military prestige. And it is conceivable that this loss contributed to the collapse of the Soviet Union because, unlike in the United States, latent strains existed in the domestic situation and in the USSR's grip on Eastern Europe.

How Can a Massive Intelligence Apparatus Get it Wrong?

The United States has the CIA (20,000 persons), the NSA (the National Security Agency, also around 20,000) and the National Reconnaissance Office (in charge of operating surveillance satellites), as well as intelligence arms in each of the armed forces, which amounts to an intelligence gathering and analysis apparatus with a combined workforce of 100,000. So why has the U.S. intelligence community consistently erred in judging international affairs when it mattered most? The confrontation between East and West is over, and now that there is a stronger tendency for countries to pursue their own national interests, it has been said that Japan must also strengthen its intelligence gathering and analysis capabilities. More important than the means of data collection, however, is an objective attitude in the analytical process. Convictions must be cast aside as much as possible. It is not enough to examine only one side of an argument - a balance sheet must be drawn up and the factors for both eventualities considered. Reaching a decision without being aware of the full circumstances, and then trying to find "proof" justifying the decision, is wrong. A conclusion should be reached only after extensive research. An attitude of humility and neutrality must form the basis of all analytical work.

From this standpoint, the article entitled "Is Japan Destined to be a Global Military Power?" by Professor Ronald A. Morse of University of Maryland, published at this site on May 6, provides considerable insight. Since we Japanese know the situation in Japan much better than Morse, we are in a position to tell just how wrong Morse and his fellow Americans are in their outlook. And we thus find clues as to why the Americans overestimated the past military threat from the Soviet Union, the mentality behind the warnings of "expanded Chinese armament" (which a close look today reveals to be almost entirely non-existent), and as to the grounds

behind America's failures in evaluating international affairs. From this standpoint, Morse's paper is worth a thorough read.

Misunderstanding the Redefinition of the U.S.-Japan Security Pact

One characteristic of his paper is that it misunderstands the debate in Japan on the U.S.-Japan security pact. Morse claims that "the conditions for internal instability or the possibility of an accidental attack on Japan are greater than ever." Pointing out that "the Japanese economy is facing major problems," he goes on to say that "some people suggest that ... (this) anxiety in Japan ... [ellipses as received] could fuel hyper-nationalism and rearmament."

Yet in Japan the increasingly asked question is: "If the Soviet Union has collapsed and the Russian Far East has become a nonentity, and Japan has been freed from the northern threat that has been looming since the 19th century, why should U.S. armed forces remain in Japan, costing the Japanese government \$5 billion in support?" The Korean Peninsula has long been called a "dagger thrust at Japan from the Asian continent." When Russian forces occupied Manchuria at the turn of the century and moved into northern Korea, Japan — fearing that Russia was about to take firm hold of the dagger — fought and defeated what was then the greatest military power. But now that Russian military might in the Far East has been drastically emasculated, the danger that Russia may seize the "dagger" has faded.

As Russia and China have improved relations with Seoul, North Korea has become isolated, and it is now weakened to the extent that it is on the verge of a serious famine. North Korea's GNP is just slightly more than half of that of the prefecture in Japan with the smallest economy, Okinawa Prefecture. A comparison of national strength (population and GNP) between North and South Korea looks much like a comparison between Mexico and the United States. The "Nodong-1" ballistic missile was only tested at half its maximum reach of 1,000 km in late May, 1993, and the second test has not yet materialized in the three years since. Informed sources in Japan have judged that the development program has been aborted.

The strength of the Chinese navy and air force has suffered as equipment has rapidly become outdated in recent years, due to lack of funds for adequate replacements. Just by looking at the military balance in the past few years, it should be evident that Chinese military prowess is declining. The Chinese economy has also become more dependent on Japanese and U.S. markets, investments, loans and aid. Economic growth also means that China is now importing oil and staple

foods, and has a heightened need to cooperate with the international community. In this day and age it is impossible to secure oil and food through military force, as doing so would entail the loss of markets and investments.

Hence it is this improvement in Japan's national security environment that, prompted by the rape of a grade school student by U.S. servicemen in Okinawa, led to debate on the U.S.-Japan security pact. The debate on security issues did not start because the Japanese feel the threat against them has increased. The "redefinition" of the U.S.-Japan security pact is an effort to maintain the political alliance between the two nations during this state of reduced threats against Japan. The focus of studies on cooperation between the United States and Japan has shifted from dealing with an attack on Japan to implementing Japanese cooperation with regional U.S. military strategy. If a common threat against the United States and Japan were on the rise, there would be no need to redefine the security pact and determine its *raison d'être*, nor would recent polls in Japan reveal that 64 to 73 percent of the populace are in favor of downsizing the U.S. military presence here. (to be continued)

Japan: Editorial on UN Appeal for Emergency Aid to DPRK

OW1706135496 Tokyo SANKEI SHIMBUN
in Japanese 13 Jun 96 Morning Edition p 2

[Editorial: "Conditions Related to the UN Aid for the 'North'"]

[FBIS Translated Text] Japan has decided to supply via the United Nations a fund amounting to \$6 million to North Korea where the food shortage crisis has become intensified. Since it was decided at the Japan-U.S.-ROK vice ministerial consultations held in May that food aid would be postponed for the time being, it seemed that the decision was made in a rather abrupt way. In addition, there are points to the issue that still remain unclear.

The decision to provide funds for aid can be "justified" only by the fact that it was made in response to the UN appeal. The emergency aid amounting to \$43 million includes the following: \$26.8 million for procuring 70,000 tons of food, \$10.3 million as farmland restoration expenses, and \$5.9 million as medical expenses. This will be the second aid package following the first one provided last autumn that amounted to \$20 million.

Under the pretext that the aid will be provided in the name of the United Nations, the United States first made its decision to provide \$6.2 million; then Japan decided on providing nearly the same amount of \$6 million;

and the ROK decided to provide \$3 million. Originally, while the United States is positive about providing food aid to North Korea, the ROK takes a cautious approach. Therefore, the United Nations seems to have succeeded in containing the "conflicts" between the two countries and in persuading concerned countries to make the pro-U.S. decision.

The point at issue now involves whether the aid will be put to efficient use. For example, a question arises as to whether the food aid will be distributed among those who are really in need of food. The absolute and necessary condition for providing the aid lies in ensuring transparency in the aid distribution. If the food aid should be used as a measure to ensure nondecrease in the reserved food for the military purposes, the objective of humanitarian aid would never be attained.

Another objective of the appeal is to have North Korea strengthen its relationship of trust with the international community. However, North Korea is still strongly critical of the ROK and has not indicated any intention to comply with the proposal for holding the "four-nation talks" made by the United States and the ROK.

Moreover, we cannot but feel uneasy about the capability of various UN organs that are generally made up of different countries in verifying the flow of aid funds. Prospects still remain gloomy for North Korea to shift into a country that will abide by the regulations of the international community. It is generally believed that the humanitarian objective can be attained by responding to an appeal issued by the United Nations. However, such a view is now taken as too optimistic.

To deal with North Korea, it will be necessary to promote close cooperation among Japan, the United States, and the ROK. However, the ROK is strongly concerned with the possibility that Japan and the United States may try to improve their relations with the North by bypassing it. On the other hand, with the presidential election near at hand, the Clinton administration of the United States is seriously concerned with the tension on the Korean peninsula. To contain this tension, it will be necessary for the United States to take a flexible approach in dealing with North Korea. As a result, monolithic unity does not necessarily exist among Japan, the United States, and the ROK. If Japan is capable of pursuing powerful diplomacy, it will be able to play the role of coordinator.

It is only right for Japan to do its utmost to ensure efficiency in attaining the humanitarian objective. For instance, in providing the \$6 million aid this time, Japan has decided to increase the amount for infant food. As for the aid to promote economic cooperation such as restoration of agricultural facilities, it should be taken

as a task that can be taken up after the normalization of diplomatic relations between the two countries.

Japan: Auto Industry Hopes for WTO Talks on Indonesia Car Issue

OW1806113296 Tokyo KYODO in English
1034 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — The Japanese automobile industry expressed hope Tuesday [18 June] that an exclusive auto industry development program in Indonesia will be brought to the World Trade Organization (WTO) for a review.

Yoshifumi Tsuji, chairman of the Japan Automobile Manufacturers Association, saying the Indonesian policy violates international rules, told a news conference that the industry will support a government move to bring the case to the WTO.

Japanese automakers are concerned that the Indonesian policy of offering exclusive tax privileges to domestic automakers may hurt Japanese makers in Indonesia.

The Japanese Government has appealed to the Indonesian Government to withdraw the policy.

Tsuji, president of Japan's no. 2 automaker Nissan Motor Co., also said it still is unclear how economic recovery will affect domestic vehicle sales.

Tokyo To Reveal International Contribution Plan at G-7

OW1706120096 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 16 Jun 96 Morning Edition p 3

[FBIS Translated Text] Prime Minister Ryutaro Hashimoto is to announce the "Hashimoto Plan," Japan's plan for contributions to the international community, at the summit talks of the seven industrialized nations scheduled to open on 27 June (the G-7 Lyons Summits). Among the programs in the plan are: The promotion of the reflux of capital to developing countries through administrative reform of international organizations; the convocation in Japan of an international conference on employment and environmental issues; and an offer of aid to Africa worth \$100 million. Hashimoto intends to submit an independent plan concerning such issues as employment and measures to deal with developing countries, which are major topics for discussions at the Lyons Summit, thereby stressing Japan's positive approach toward these issues.

Hashimoto intends to submit his plan at each individual discussion session, after taking into account the topics up for discussion. He is also studying the possibility of openly announcing the plan on such occasions as the conference held at the conclusion of the summit.

The plan to promote the reflux of capital to developing countries involves a scheme of reinvestment in these countries with funds raised through the streamlining of international organizations. Reform of international organizations that are known for their remarkable wastage of money and duplication of effort will be one of the major topics discussed at the Lyons summit. The plan also aims to win support from developing countries that have indicated a negative view of the rationalization of international organizations. While it stresses the point that an understanding of developing countries is indispensable to achieving administrative reform, the Hashimoto Plan intends to attain a consensus among the G-7 nations.

Hashimoto will announce plans to host the ministerial conference on employment in Tokyo in 1997 or 1998. The conference, which was held in Detroit, the United States, in 1994 and in Lille, France this year, will be held to draw up measures to settle employment issues that are common to industrialized nations. On the environmental issue, Japan intends to host the third conference of countries that have signed the treaty on preventing global warming (at the Framework Convention on Climate Change). At the conference scheduled for autumn 1996, decisions will be made on how to deal with environmental problems in and after the year 2000.

African aid funding will be used to train talented personnel. Hashimoto will also announce that a conference on drawing up a development strategy for African countries will be held in Japan in August. Japan will join support for the African region in view of the intentions of France, the summit host nation.

It is felt that discussions at the Lyons summit may focus on negative factors arising from economic internationalization. For example, the expansion of productivity in developing countries may result in a drop in jobs in industrialized nations; expansion of economic gaps among developing countries; and the intensification of environmental problems. The government is concerned that, "depending on the debates, it is quite possible that moves will be made to promote protectionism, which is contrary to the current mood of internationalization."

The government, therefore, has decided to submit detailed measures to overcome these negative factors.

Japan: Environment Fund To Distribute 670 Million Yen for NGO's

OW1806121896 Tokyo KYODO in English
1126 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — The Japan Environment Corporation, a government-

financed nonprofit organization which funds environmental preservation, said Tuesday [18 June] it will distribute a total of 670 million yen to 187 Japanese and foreign private organizations in fiscal 1996 ending next March.

The money is derived from the 6.7 billion yen Japan Fund for Global Environment of the Environment Agency-affiliated corporation and supplementary funds contributed by the government. The fund draws its income from donations from the public and from businesses.

Officials of the corporation said the largest single amount of 13 million yen will go toward an Osaka-based preparatory meeting to organize a network of non-governmental organizations (NGOs) prior to next year's third meeting of signatories to the U.N.-sponsored framework convention on climate change which will be held in Japan.

A 4.5 million yen offer will go to a Tokyo-based organization working to encourage environmental education and the spread of technology for small-scale solar electricity generation in Indonesia.

A breakdown of the funding shows that a majority of 87 recipient Japanese organizations are funding projects within Japan. They will receive a total of 226 million yen.

Another 79 recipient Japanese organizations are funding environmental projects in developing or neighboring countries. They will receive 362 million yen.

Foreign recipient organizations will receive 8.2 million yen for 21 projects in developing countries.

The country with the largest number of funded projects is China with 18 projects, followed by the Philippines with 10 and Thailand with seven, the officials said.

Japan: French Foreign Minister Arrives for 3-Day Visit

*OW1706084696 Tokyo KYODO in English
0806 GMT 17 Jun 96*

[FBIS Transcribed Text] Tokyo, June 17 KYODO — French Foreign Minister Herve de Charette arrived in Japan on Monday [17 June] for a three-day visit during which he will hold talks with Japanese political and business leaders.

He is the first high-ranking French official to visit Japan since President Jacques Chirac declared in January the end of France's nuclear testing.

De Charette is scheduled to meet Prime Minister Ryutaro Hashimoto, Foreign Minister Yukihiko Ikeda, and other Japanese political and business leaders, mainly to

prepare for Chirac's planned visit to Japan in the autumn.

"I hope, at the occasion of my visit, that the Japanese people will know above all that France defines itself as a friend of Japan," De Charette said before his departure in a written response to questions submitted by KYODO NEWS.

The French foreign minister said, "we have confirmed a shared will for reinforcement of consultations and development of cooperation."

Bilateral relations were "relaunched" through talks between Hashimoto and Chirac in March at the Asia-Europe summit in Bangkok and a meeting between himself and Ikeda during the may ministerial meeting in Paris of the Organization for Economic Cooperation and Development, he said.

De Charette said he wants to underline "all the importance" that France attaches to Asia, which he describes as a "new frontier" of French diplomacy.

Japan: Hashimoto Promises Support for Chirac's Summit Plans

*OW1706131496 Tokyo KYODO in English
1212 GMT 17 Jun 96*

[FBIS Transcribed Text] Tokyo, June 17 KYODO — Prime Minister Ryutaro Hashimoto promised support Monday [17 June] for French President Jacques Chirac's plans for the June 27-29 summit of the Group of Seven (G-7) industrialized nations in Lyons, France, which Chirac will chair, a Foreign Ministry official said.

In a meeting with visiting French Foreign Minister Herve de Charette, Hashimoto voiced his support for Chirac's idea that the summit put an emphasis on discussing "global partnership" between aid-donating industrialized countries and recipient developing nations.

The prime minister also said he wants to take up his proposal for a second international meeting on aid to Africa, following the first meeting earlier in Tokyo, with Chirac in an expected June 27 meeting between the two leaders during the G-7 summit. De Charette voiced his assent for the proposed meeting.

Hashimoto also said he wants to confer with Chirac during the Lyons meeting on the president's planned state visit to Japan this fall, expressing hope they will iron out a final schedule for the visit.

Hashimoto also recommended that the two countries convene the first session of a proposed Japan-French forum to promote bilateral dialogue prior to Chirac's visit.

The Japanese leader expressed gratitude to Chirac for France's help in evacuating a group of Japanese last month from the Central African Republic where a military mutiny took place, as well for the president's support for a bid by the central Japanese prefecture of Aichi to host a 2005 world exhibition.

De Charette met with Hashimoto at his official residence for an hour in the afternoon, temporarily leaving a Tokyo-Paris foreign ministerial meeting with counterpart Yukihiro Ikeda.

He arrived in Japan earlier in the day for a three-day visit to discuss the Lyons summit and prepare for Chirac's visit to Japan, based on an agreement with Ikeda last month in Paris, when a ministerial meeting of the Organization for Economic Cooperation and Development was held.

Tokyo, Paris Agree To Promote Bilateral Exchanges
OW1706132696 Tokyo KYODO in English
1143 GMT 17 Jun 96

[FBIS Transcribed Text] Tokyo, June 17 KYODO — Foreign Minister Yukihiro Ikeda and his French counterpart Herve de Charette agreed Monday [17 June] to release guidelines to promote bilateral exchanges when French President Jacques Chirac visits Japan this fall.

They also agreed that the two countries will aim at announcing the itinerary of Chirac's Japan trip after Prime Minister Ryutaro Hashimoto and the French president meet in Lyons, France, on June 27, a Foreign Ministry official told reporters.

Hashimoto will meet Chirac during the summit of the Group of Seven major industrialized countries in the eastern French city on June 27-29. They last met in Bangkok in March on the sidelines of the first-ever Asia-Europe summit.

The G-7 groups Britain, Canada, France, Germany, Italy, Japan and the United States.

During Monday's meeting, De Charette proposed some 20 items be included in the guidelines, such as more frequent meetings of the top leaders and ministers, the official said.

Ikeda and De Charette, who arrived in Japan on Monday for a three-day visit, also agreed that Tokyo and Paris should strive to boost overall bilateral relations, according to the official.

Japan: Hashimoto Aims Concern Over Israel's New Cabinet Lineup

OW1806065196 Tokyo KYODO in English
0624 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Prime Minister Ryutaro Hashimoto voiced concern Tuesday [18 June] about the composition of a soon-to-be-announced Israeli cabinet lineup under new Prime Minister Benjamin Netanyahu.

"I hope the cabinet lineup will not be released to wave a red flag in front of a fighting bull," the premier told reporters at his official residence, expressing hope that moderate figures will enter the Israeli cabinet to be announced later in the day.

Hashimoto sent a letter earlier this month to Netanyahu, who heads the right-wing Likud party, calling on him to keep the Middle East peace process on track.

Netanyahu won a close prime ministerial race May 31, defeating incumbent Shimon Peres, one of the architects of the Middle East peace process.

Japan: Foreign Ministry Hopes Russia Continues Reform Efforts

OW1706113496 Tokyo KYODO in English
0953 GMT 17 Jun 96

[FBIS Transcribed Text] Tokyo, June 17 KYODO — Japan hopes Russia will continue to pursue market reforms regardless of the outcome of Sunday's [16 June] presidential election, a senior Foreign Ministry official said Monday.

"Japan hopes reform efforts in Russia will not be derailed but will be kept on track," Vice Foreign Minister Sadayuki Hayashi told a news conference.

The top career diplomat said the latest election was held "freely and fairly," demonstrating the maturity of Russian democracy.

Earlier in the day, Prime Minister Ryutaro Hashimoto told reporters that Tokyo is closely monitoring the first Russian presidential race since the demise of the Soviet Union in 1991.

With 82 percent of votes counted in the poll, incumbent Boris Yeltsin had 35.00 percent against 31.53 percent for Communist challenger Gennady Zyuganov.

Voter turnout at some 94,000 polling stations across the country was about 70 percent. Russia has about 106 million eligible voters.

Neither Yeltsin, Zyuganov nor any of the other eight candidates are likely to receive the necessary 50 percent

of the vote to clinch a first-round victory. If so, the top two candidates would go into a runoff next month between the two top candidates is on the cards.

Japan: China Refuses To Let Softball Player Play at Olympics

*OW1706134796 Tokyo KYODO in English
1321 GMT 17 Jun 96*

[FBIS Transcribed Text] Tokyo, June 17 KYODO — China has refused to permit a former Chinese national softball team member who was naturalized as a Japanese citizen last year to play for the Japanese team in Atlanta this summer, the Japanese Olympic Committee (JOC) said Monday [17 June].

The JOC had sought permission from China to allow Reika Utsugi, 33, formerly the captain of the Chinese national team, to play for Japan in the Summer Olympic Games opening on July 19 in Atlanta.

Wei Jizhong, secretary general of the Chinese Olympic Committee, has reportedly told the JOC that the Chinese Softball Association has expressed disapproval with Utsugi being allowed to play for Japan.

Utsugi, formerly known as Ren Yanli, was captain of the team that won the world softball championship title for China in 1986.

Wei also told the JOC that there was no problem with Taeko Todo, another naturalized Japanese citizen from China, playing for the Japanese table tennis team in the centennial Olympic Games, said Muneyoshi Ueda, the head of the JOC's General Affairs Committee.

Ueda said the JOC intends to continue negotiations with the softball association in an effort to secure Utsugi's eligibility for the Olympics.

Kazuya Kasahara, head of the JOC Secretariat, said Utsugi's name has been included on the list of entries it plans to submit on July 5.

"If Utsugi's eligibility is not recognized by them, we will begin procedures to admit a substitute," said Kasahara.

Under the Olympic Charter, any competitor in an international competition for one country who changes nationality is not allowed to take part in the Olympic Games for three years after the change.

This three-year period, however, can be reduced or canceled with the agreement of the concerned national olympic committees and the relevant international sports federation, as well as the approval of the IOC's [International Olympic Committee] Executive Board.

Japan: Insurance for Trade With Lebanon Resumed

*OW1706150596 Tokyo KYODO in English
1425 GMT 17 Jun 96*

[FBIS Transcribed Text] Tokyo, June 17 KYODO — Japan has decided to resume offering insurance for medium- and long-term trade with Lebanon, lifting a suspension in place since 1975 when civil war broke out in that country, Trade Ministry officials said Monday [17 June].

Prime Minister Ryutaro Hashimoto informed visiting Lebanese Prime Minister Rafiq al-Hariri of the decision by the Ministry of International Trade and Industry, the officials said.

The insurance will be offered for trade with settlement periods of two years or longer.

The officials said the Trade Ministry decided on the move in view of the recent strong economic growth in Lebanon.

Since the civil war ceased in 1990, the Lebanese economy has recovered remarkably, with the economic growth rate averaging 8 percent over the past three years, the officials said.

The decision on resumption comes also in response to a strong call by Japanese manufacturers and traders who are stepping up activities in the country, they added.

Japan: Lebanon Seeks Progress in Mideast Peace Process

*OW1806114696 Tokyo KYODO in English
0949 GMT 18 Jun 96*

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Lebanese Prime Minister Rafiq al-Hariri on Tuesday [18 June] emphasized the need for steady progress in the Middle East peace process as a means of reconstructing his civil war-torn country.

Al-Hariri, who arrived in Japan on Sunday for a three-day visit, made the pitch in a 40-minute meeting with Foreign Minister Yukihiko Ikeda, a Foreign Ministry official said.

The Lebanese premier said relations between Arab nations and Israel will be normalized once Israel withdraws from Arab territory, the official told reporters.

"The ball is in [Israeli Prime Minister-Elect Benjamin] Netanyahu's court," Al-Hariri was quoted as saying.

He also expressed hope that Japan, the United States and European nations will urge Netanyahu, who edged

Prime Minister Shimon Peres in a recent leadership election, to push the peace process forward.

Ikeda vowed further efforts to keep the peace process on track, adding Tokyo has already called on Netanyahu to support the initiative for peace in the region.

In his meeting with Al-Hariri on Monday, Japanese Prime Minister Ryutaro Hashimoto said Tokyo plans to extend a low-interest official loan of some 13 billion yen to Lebanon to help improve infrastructure in the country.

Japan: Hashimoto Notes Plan To Extend 1st Yen Loan to Lebanon

OW1706090896 Tokyo KYODO in English
0505 GMT 17 Jun 96

[FBIS Transcribed Text] Tokyo, June 17 KYODO — Prime Minister Ryutaro Hashimoto told Lebanese Prime Minister Rafiq al-Hariri on Monday [17 June] that Japan plans to extend a yen-denominated loan of around 13 billion yen to Lebanon, the first such loan to the that country, mainly for building up its water-supply and sewage systems.

Hashimoto discussed the project in a meeting at his official residence with Al-Hariri, a Foreign Ministry official said.

Hashimoto also urged Al-Hariri not to stress hostilities with Israel, but rather issue friendly messages when Lebanon participates in an Arab summit convening Friday in Cairo.

Hariri, saying his country truly hopes for peace-as it has just recently put an end to a 17-year civil war, asked Japan to join a proposed international council to help restore Lebanon from its devastation from war.

The Lebanese prime minister arrived in Japan on Sunday for a three-day visit for talks with government and private-sector leaders.

Tokyo Decides To Extend Aid to Cambodia for Two Projects

OW1706045996 Tokyo MAINICHI SHIMBUN
in Japanese 15 Jun 96 Morning Edition p 11

[FBIS Translated Text] The government decided on 14 June to grant gratuitous aid of 2.625 billion yen to Cambodia for two projects, including a telecommunication network project. A memorandum on this was exchanged with the Cambodian Government on the same day.

This aid program consists of 1.273 billion yen for building a new telecommunication network in the capital city of Phnom Penh, which suffered devastating damages during the civil war, and 1.352 billion yen for building a state-owned broadcasting station.

Tokyo Announces 300 Million Yen Grant to Niger

OW1306155696 Tokyo KYODO in English
1510 GMT 13 Jun 96

[FBIS Transcribed Text] Tokyo, June 14 KYODO — Japan will grant up to 300 million yen to Niger to help the northwestern African country boost food production, the Foreign Ministry said Friday [14 June].

Documents on the economic assistance were exchanged between officials of the two countries in Niamey, the capital of Niger, on Thursday, the ministry said.

The sum will be used to purchase fertilizers, agricultural chemicals and machinery, it said.

Tokyo Extends Y6.12 Billion Low-Interest Loan to Uzbekistan

OW1406083896 Tokyo KYODO in English
0648 GMT 14 Jun 96

[FBIS Transcribed Text] Tokyo, June 14 KYODO — Japan has extended a low-interest loan of up to 6.12 billion yen [Y] to Uzbekistan for a project to improve the railway transportation capacity in the central Asian country, Foreign Ministry officials said Friday [14 June].

Notes on the yen-denominated credit were exchanged the same day between representatives of the two countries in Tashkent, the capital of Uzbekistan, the officials said.

The untied 30-year loan will carry a grace period of 10 years with annual interest rates of 2.7 percent for the project, according to the officials.

Japan: JAL To Increase Flights to Bangkok, Ho Chi Minh City

OW1706113396 Tokyo KYODO in English
0950 GMT 17 Jun 96

[FBIS Transcribed Text] Tokyo, June 17 KYODO — Japan Airlines (JAL) said Monday [17 June] it will increase the number of flights on its Nagoya-Bangkok and Kansai-Ho Chi Minh City routes.

After approval by the Transport Ministry, it will add a fifth weekly Nagoya-Bangkok round-trip to the present four from July 7, with the new flight both departing and returning on Sundays, JAL said.

It will also add an extra one-way trip on Saturdays to Ho Chi Minh City, departing from Kansai International Airport, to the present five round-trips a week, starting July 6, the airline said.

Japan: Current Surplus Down to 1.9 Percent of GDP in FY95

OW1806115396 Tokyo KYODO in English
0914 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Japan's current account surplus equaled 1.9 percent of its nominal gross domestic product (GDP) in fiscal 1995 that ended March 31, the first drop to the 1 percent level since 1.1 percent in fiscal 1990, the Economic Planning Agency (EPA) said in a preliminary report Tuesday [18 June].

The fiscal 1995 ratio was down 0.7 percentage point from fiscal 1994 and 1.1 points from fiscal 1993, the EPA said.

The decline was due to an increase in imports and slowed exports. The ratio of surplus to GDP stood at 1.3 percent for the January-March period of 1996, down 0.6 point from the preceding quarter, the EPA said.

Japan: Jan-Mar GDP Up 3 Percent, Highest in 23 Years

OW1806073696 Tokyo KYODO in English
0707 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Japan's inflation-adjusted gross domestic product (GDP) grew 3.0 percent in the January-March quarter from the previous quarter, the highest rise in 23 years since the January-March period of 1973, the Economic Planning Agency said Tuesday [18 June].

The growth translates into an annualized rise of 12.7 percent, the agency said in a preliminary report.

As a result, the nation's real GDP increased 2.3 percent in fiscal 1995, attaining to reach the government's revised forecast of a 1.2 percent growth for the year which ended March 31.

EPA Vice Minister Makoto Kobayashi told reporters, "Japan's economy has entered a phase of self-sustainable recovery led by private demand."

The January-March growth follows revised of 1.2 percent in October-December, 0.6 percent in July-September and 0.6 percent in April-June.

Domestic demand accounted for 3.4 percentage points of the 3.0 percent growth for the fourth quarter of fiscal 1995, while external pushed down the growth by 0.3 percent point.

GDP measures a nation's total output of goods and services, excluding net income from abroad. Real GDP is the figures after inflation adjustments.

The government last December revised downward its real GDP growth target for fiscal 1995 to 1.2 percent from 2.8 percent.

The nation's real gross national product (GNP) — GDP plus net income from abroad — grew 2.9 percent, or at an annualized 12.2 percent, in the January-March quarter from the previous three-month period, bringing real GNP growth for fiscal 1995 to 2.4 percent.

Japan: Chief Cabinet Secretary Welcomes 3 Percent GDP Growth

OW1806091096 Tokyo KYODO in English
0836 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — The top government spokesman Tuesday [18 June] welcomed the 3 percent growth in Japan's inflation-adjusted gross domestic product (GDP) in the January-March quarter from the previous quarter, the highest rise in 23 years since the corresponding period in 1973.

"We would be thankful if the trend takes root," Chief Cabinet Secretary Seiroku Kajiyama told a press conference.

The rate is "considerably high" on an annualized basis, although smaller companies and employment have yet to recover from the economic slump, he said.

The growth translates into an annualized rise of 12.7 percent, the economic planning agency said in a preliminary report released Tuesday.

Japan: Economy Pulls Out of Zero Growth in FY95

OW1806115996 Tokyo KYODO in English
0959 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Japan's economy pulled out of zero growth in fiscal 1995 to score an impressive 2.3 percent growth in the year, a government report showed Tuesday [18 June].

Japan's real, or inflation-adjusted, gross domestic product (GDP) grew 3.0 percent in the January-March quarter from the previous quarter for an annualized growth of 12.7 percent, the highest in 23 years since the January-March period of 1973, the Economic Planning Agency [EPA] said.

As a result, the nation's real GDP for fiscal 1995 which ended March 31 increased 2.3 percent, following almost zero growth over the previous three years — increases of 0.4 percent in fiscal 1992, 0.2 percent in fiscal 1993 and 0.5 percent in fiscal 1994, the agency said.

The 2.3 percent growth, the highest since a 3.1 percent gain in fiscal 1991, is much higher than the government's growth target of 1.2 percent for the year, it said.

EPA Vice Minister Makoto Kobayashi told reporters, "Japan's economy is just entering through the door of self-sustainable recovery."

"Among private demand, individual consumption has gained very great momentum," he said.

If the economy continues growing at the January-March pace, it will be possible for the government to attain its real GDP growth forecast of 2.5 percent for fiscal 1996 that started April 1, he said.

Real GDP for the reporting quarter totaled 478,413.0 billion yen.

GDP measures the total output of goods and services, excluding net income from abroad.

Of the 3.0 percent GDP growth for the January-March quarter, domestic demand contributed to an increase of 3.4 percentage points while external demand pushed down the growth by 0.3 point, the EPA said.

EPA officials said there was one more day in the leap year of fiscal 1995 than in the previous year, pushing up domestic demand by 0.5 point.

Even after discounting the effect of the leap year, the GDP growth in the January-March period was the biggest in 23 years, the officials said.

The 3.0 percent growth follows increases of 0.6 percent each in the April-June and the July-September periods, and 1.2 percent in the October-December quarter.

In the latest quarter, personal consumption grew 2.4 percent after a 0.6 percent rise in the previous quarter, while corporate capital spending increased 1.5 percent, both for the fifth consecutive quarterly rise, the agency said.

Housing investment continued advancing with a strong 8.4 percent growth, following a 7.2 percent increase in the previous quarter, and public investment grew by 8.6 percent after a 6.9 percent rise.

Kobayashi attributed the high GDP growth in the January-March quarter partly to effects of the government's pump-priming measures, admitting there is a possibility such effects will fade away in the latter half of the current fiscal year.

Kobayashi said, however, it is not advisable to immediately discuss whether to take more fiscal steps around the beginning of fall.

Kobayashi said, "easily depending on finance could spoil the will to proceed with structural reforms," which he said are important to prop up the nation's economy.

"We will carefully monitor developments of private and capital spending, as well as of external demand," he said.

According to the EPA, the GDP deflator, the key inflation gauge, fell 0.1 percent from a year earlier in the January-March quarter for the seventh consecutive quarter of yearly decline.

Reflecting the recent downward trend in prices, real GDP grew much more than the nominal GDP for the second year in a row, the agency said. In nominal terms, the GDP increased 1.8 percent in fiscal 1995, following a 0.4 percent rise in fiscal 1994, it said.

In an initial reaction to the release of GDP data, the dollar lost ground against the yen, dropping to around 108 yen after changing hands in the 109 yen level in recent days.

Bank of Japan sources said the latest GDP figures were much higher than earlier expected.

The central bank will keep an eye on how the market will digest the data, the sources said.

Speaking to reporters, Bank of Japan Governor Yasuo Matsushita said he does not see the need to change his bank's easy credit policy despite the impressive GDP figure for the reporting quarter.

Japan's real gross national product (GNP) — GDP plus net income from abroad — grew 2.9 percent in the January-March quarter over the preceding quarter or at an annualized 12.2 percent, bringing fiscal 1995 real GNP to a 2.4 percent growth, the agency said.

Despite the agency's brighter economic assessment, many economists still voiced caution.

Masaru Takagi, chief economist at the Fuji Research Institute, said, "the economy is not as strong as shown in the figures."

"It is premature to say that private consumption is on a self-sustainable recovery," Takagi said, citing plus effects of the leap year, which he evaluates at around 1 percent point against the EPA estimate of 0.5 percent point.

Takagi also cited the unusually cold winter as factors to push up individual spending in the latest quarter.

He noted that the momentum of sales at department stores and other large retailers has weakened since April.

Takagi said he expects the economy to see negative growth in the April-June quarter following the higher-than-expected growth for the January-March quarter.

Although there is no need to compile a supplementary budget to stimulate the economy, the central bank should continue its current easy monetary stance for a while, he said.

**Japan: Nikkeiren Urges 2-Trillion-Yen
Supplementary Budget**

OW1806115496 Tokyo KYODO in English
0927 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — A supplementary budget of around 2 trillion yen is necessary to support the current recovery momentum of the national economy, head of Japan's employers' organization said Tuesday [18 June].

"The economy is gradually recovering, but is unpredictable in the second half (of the current fiscal year)," said Jiro Nemoto, president of the Japan Federation of Employers' Associations (Nikkeiren), at a press conference.

Small and medium-sized companies in particular are not optimistic about the economic outlook, he said, adding "in order to maintain employment, a supplementary budget might be necessary."

Nemoto said the government had implemented a total of six supplementary budgets since fiscal 1992.

A supplementary budget of around 2 trillion yen would be "reasonable," Nemoto said, because the previous ones were all in the 2 trillion to 3 trillion yen range, except for one in fiscal 1995 which amounted to 5 trillion yen.

**Tokyo Stock Exchange, PRC To Agree on Listing
Terms Soon**

OW1806114496 Tokyo KYODO in English
0947 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — The Tokyo Stock Exchange (TSE) and Chinese authorities are close to agreement on conditions for Chinese companies to list their stocks on the TSE, the exchange's head said Tuesday [18 June].

The TSE and the China Securities Regulatory Commission, China's top securities watchdog, have almost finished their work on a memorandum that will serve as the basis for Chinese stock listing, TSE President Mitsuhide Yamaguchi said at a press conference.

He refrained, however, from naming the Chinese companies that will list their stocks and when they would do so.

Asked about the possibility of listing by companies from other Asian countries, Yamaguchi said the TSE has received an increasing number of inquiries since February when YTL Corp., a Malaysia-based real estate developer, listed its shares on the Tokyo exchange.

The exchange will continue its efforts to invite companies from other countries, he said.

A number of foreign companies have withdrawn from the TSE over the past few years due to the market's sluggishness and the high cost of keeping their stocks on the exchange.

**Japan: BOJ Says No Plans To Change Monetary
Policy**

OW1806114796 Tokyo KYODO in English
1005 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Bank of Japan (BOJ) Governor Yasuo Mutsushita said Tuesday [18 June] the central bank has no plans for now to alter monetary policy although the nation's gross domestic product (GDP) showed a stronger-than-expected growth rate in the first quarter of the year.

Mutsushita was commenting on a report released by the Economic Planning Agency earlier in the day that Japan's real GDP grew 3.0 percent in the January-March quarter from the previous quarter, the highest rise in 23 years since the January-March quarter of 1973.

The figure translates into an annualized rise of 12.7 percent, according to the agency.

The BOJ has kept the official discount rate charged on loans to commercial banks at a record low of 0.5 percent per annum since last September.

Japan: Parliament Passes 'Jusen' Liquidation Bills

OW1806065796 Tokyo KYODO in English
0611 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Japan's parliament passed a set of financial bills Tuesday [18 June], giving the go-ahead to a controversial scheme to use taxpayers' money to help liquidate failed "jusen" housing loan companies.

The six bills were approved at a plenary session of the house of councillors in the afternoon, backed by the three-party ruling coalition which holds a comfortable majority in the upper house of Japan's Diet.

The enactment of the bills came just a day before the current parliament session ends Wednesday.

The bills passed the House of Representatives, the more powerful lower chamber, on June 7, backed by a majority vote of the three governing parties — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake.

The bills include legislation for creating an organization to take over the jusen companies' loans and recover them. They also include bills for strengthening Japan's

depositor protection system and tightening the supervision of ailing financial institutions.

At a news conference Tuesday morning, Chief Cabinet Secretary Seiroku Kajiyama said that following the enactment of the bills, Finance Minister Wataru Kubo will enter final talks with private-sector financial institutions to draw more money from them for the liquidation scheme.

Based on the results of those talks, the government and ruling coalition will formalize a framework Wednesday under which additional contributions can be made to the scheme, Kajiyama said.

The government-crafted scheme calls on the banks which founded the jusen companies, as well as other creditor institutions, to share the 6.41 trillion yen loss that will immediately result from the liquidation.

However, under the scheme, some of the liquidation losses will be covered by 685 billion yen in taxpayers' money.

In the face of strong public criticism of the plan, the government is now seeking additional contributions from the private sector to ease the taxpayers' burden.

Among measures to attract additional contributions, the Finance Ministry is proposing to financial institutions that a 700 billion yen investment fund should be created, ministry sources said.

The fund would then be managed over a 15-year period and its investment returns funneled to the national coffers to help offset the taxpayers' burden, the sources said.

They said the ministry will ask the Bank of Japan to contribute to the fund in order to give it a public-sector nature and to encourage cooperation from other financial institutions.

Japan: 'Jusen' Scheme Passes Diet Despite Public Opposition

OW1806122096 Tokyo KYODO in English
1153 GMT 18 Jun 96

[By Mie Kawashima]

[FBIS Transcribed Text] Tokyo, June 18 KYODO - Disregarding opposition from most of the Japanese people, the government of Prime Minister Ryutaro Hashimoto gained final Diet approval Tuesday (18 June) of its plan to use 685 billion yen in taxpayers' money to help liquidate seven failed "jusen" mortgage companies.

"The crucial moments will be from now on," Hashimoto told reporters after the House of Councillors passed a package of financial bills necessary for the govern-

ment's jusen liquidation plan, referring to the implementation of the scheme.

The premier plans to explain the jusen scheme to the public at a press conference Thursday afternoon, following Tuesday's Diet enactment of the package of six bills.

Media opinion polls suggest 80-90 percent of the Japanese public are against the use of tax money to dispose of the jusen, which have gone bankrupt due to heavy nonperforming loans extended to realtors during the 1980s "bubble economy."

The government has repeatedly defended the scheme as necessary to stabilize the Japanese financial system and restore international confidence in it.

Chief Cabinet Secretary Seiroku Kajiyama, the top government spokesman, told a Tuesday press conference that enactment of the jusen package "put a strong backbone into the process of stabilizing the Japanese financial system" although the legislation is unlikely to lead immediately to financial stability.

During his address, Hashimoto also reportedly wants to inform the public of his domestic and foreign policies, now that he is no longer preoccupied with the jusen liquidation issue.

Refusing to erase the burden on taxpayers from its jusen plan, the government is aiming instead to reduce disbursements of public money over the longer term by getting the banks that founded the jusen and other creditor financial institutions to assume a greater share of the costs.

Immediately following the jusen package passage, Finance Minister Wataru Kubo began conferring with financial institutions to draw more money from them for the liquidation scheme.

The government plan calls for the banks which founded the jusen as well as other creditor institutions to share the 6.41 trillion yen loss that will immediately result from the liquidation but some of the losses will be covered by 685 billion yen in taxpayers' money.

The six bills include one to create an organization to take over and recover the jusen's loans, and others to strengthen Japan's depositor protection system and tighten the supervision of ailing financial institutions.

The current regular Diet session ends Wednesday after having dedicated most of its 150 days to legislating the liquidation of the moribund housing loan companies.

The government submitted its fiscal 1996 budget bill, which includes the 685 billion yen in jusen expenditure,

on the day the parliamentary session convened Jan. 22. The package to legislate the *jusen* scheme finally passed the Diet the day before the five-month session concludes.

The passing of the *jusen* bills has now prompted speculation that Hashimoto could exercise his right to dissolve the house of representatives at any moment he considers advantageous.

The government's current four-year term of office expires in July 1997, but Hashimoto could dissolve the powerful lower house for an election any time before then. The election would be held under a new system combining single-seat constituencies and proportional representation.

Preoccupied with the *jusen* debate, the government postponed submission of some other important bills to later parliamentary sessions, including measures to introduce a new insurance system for health care for elderly people and to grant women the choice of a surname other than their husbands'.

A total of 43 witnesses were summoned to both houses of the Diet, including former Finance Ministry bureaucrats, *jusen* presidents, executives of founding banks and debtors to the housing lenders, but without convincing taxpayers that their money should be used for private companies.

The *jusen* and financial package got through Tuesday's plenary session of the upper house without any upheavals or concerted public disapproval.

But during the early stage of the Diet session on the fiscal 1996 budget, including the disbursement of the 685 billion yen, the main opposition party Shinshinto (New Frontier Party) demanded the removal of the *jusen* outlay from the budget bill.

The Diet was stalled for three weeks in March as Shinshinto members blockaded the lower house budget committee room to prevent the panel from voting on the budget plan, but the opposition party gave up its protest March 25.

Following a behind-the-scenes session between the three ruling parties and Shinshinto, the full lower house passed the 1996 budget April 11 on condition that the 685 billion yen will be disbursed only after "necessary measures" are taken.

The three ruling parties — Hashimoto's Liberal Democratic Party, the Social Democratic Party and New Party Sakigake — interpreted "necessary measures" as meaning postponing disbursement of the *jusen* fund until the package cleared the Diet, while Shinshinto took it to mean freezing the *jusen* outlay completely.

Upon the enactment of the package, Kazuo Shii, chief of the Secretariat of the opposition Japanese Communist Party, criticized Shinshinto for actually cooperating with the ruling camp.

Japan: Kubo To Meet With Other Ministers on Extra 'Jusen' Burden

*OW1806033996 Tokyo KYODO in English
0302 GMT 18 Jun 96*

[FBIS Transcribed Text] Tokyo, June 18 KYODO — Finance Minister Wataru Kubo indicated Tuesday [18 June] the government will not spell out a specific figure for extra burden to be put up by creditor financial institutions in a scheme to liquidate the failed "*jusen*" housing lenders.

A framework for their additional contributions, to be worked out Wednesday, is expected to contain the creation of a new investment fund as a way to offset the use of taxpayers' money in the original "*jusen*" liquidation scheme.

"It is difficult to specify the total amount of the fund by tomorrow," Kubo said at a press conference after a regular cabinet meeting.

Kubo said the framework should be decided on by the last day Wednesday of the current ordinary Diet session where a set of finance bills meant to implement the government liquidation scheme is expected to win a final approval Tuesday afternoon.

To this end, Kubo said he will meet representatives of the creditor financial institutions Tuesday evening to formally seek their additional contributions in the *jusen* liquidation scheme with a Wednesday deadline for a reply.

Kubo said he will also meet with Agriculture, Forestry and Fisheries Minister Ichizo Ohara later in the day to discuss possible additional contributions by farm-related financial institutions, the largest collective creditors of *jusen* firms.

Kubo said he also intends to have a meeting with Bank of Japan (BOJ) Governor Yasuo Mutsushita as early as Tuesday to discuss the central bank's involvement in the proposed investment fund.

Financial-related bills, including one needed to disburse 685 billion yen from the government's coffers for the liquidation of the *jusen* companies, are expected to be approved for enactment later in the day by a plenary session of the House of Councillors.

"The enactment of the bills will start the liquidation of the *jusen* companies. By setting up a *jusen*-disposal vehicle immediately, we have to do our utmost toward a

strong recovery of loans and clarification of responsibility (over the jusen fiasco)," Kubo said.

Facing strong public criticism over the use of taxpayers' money in the liquidation scheme, the Finance Ministry is said to have considered additional burdens by the creditor financial institutions, particularly by banks that founded the jusen firms, in the form of a new fund.

The proposed fund envisages profits on 15-year investment to cover the 685 billion yen of taxpayers' money.

Financial sources estimate the fund's scale at about 700 billion yen.

Financial circles have reportedly requested the participation of the BOJ in the fund as a precondition for their joining.

Kubo said the BOJ will not share any part of the burden aimed at reducing the use of taxpayers' money.

"But we need to discuss the BOJ's role in the new fund," Kubo said.

"Stabilizing the nation's financial system and maintaining credit order are an important mission of the BOJ and we have to hear their opinions if the fund is created for these purposes," he added.

Japan: Key Upper House Panel Paves Way for 'Jusen' Liquidation

OW1706140196 Tokyo KYODO in English
1239 GMT 17 Jun 96

[FBIS Transcribed Text] Tokyo, June 17 KYODO — A key upper house panel approved a set of six finance-related bills Monday (17 June), giving the go-ahead to a controversial taxpayer-financed program for liquidating seven failed "jusen" mortgage lenders.

The six bills, including two concerning jusen liquidation, passed the House of Councillors ad hoc committee on financial affairs on support from the ruling coalition — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake.

The executive board of the upper house steering committee decided to convene a plenary session Tuesday, where the bills will likely win final approval just a day before the current parliamentary session ends Wednesday.

After the expected Diet approval of the bills, Finance Minister Wataru Kubo will enter final talks with financial institutions, including jusen founders, to finalize their extra commitments to the liquidation plan, coalition sources said.

The government-crafted jusen scheme calls for the use of 685 billion yen in taxpayers' money to help finance a

6.41 trillion-yen loss that will immediately result from the liquidation.

To alleviate intense public criticism of the idea, the ruling coalition and the government have been urging financial circles to provide more money and reduce the taxpayers' burden.

Kubo will report the results of his talks with financiers to a session of coalition and government leaders scheduled for Wednesday, according to the sources.

Under a plan being considered by the Finance Ministry, financial institutions will set up a 700 billion yen investment fund that will operate for 15 years to generate money to help offset the taxpayer burden, ministry sources said.

The ministry wants the bank of Japan to chip in on the plan, they said.

At Monday's session of the ad hoc panel on financial affairs, the opposition Heiseikai parliamentary group — including the New Frontier Party (Shinshintō) and Komei Party — voted against all six bills on the table.

The Japanese Communist Party voted against five of the bills, while approving one calling for reinforcing the deposit insurance system for agricultural financial institutions.

Tadashi Ushijima, an upper house member from the Heiseikai, argued in summary interpellations that the government scheme for jusen liquidation has yet to gain public understanding.

Prime minister Ryutaro Hashimoto said the government decided on the taxpayer-financed program "as an emergency and exceptional measure" since the jusen problem cannot be solved among parties concerned which have conflicting interests.

Finance Minister Kubo said he has ordered ministry officials to place strong requests for extra commitments on a broad range of financiers.

The panel began deliberating the six bills last Tuesday. It has summoned Shunsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan, and other people as unsworn witnesses, while convening public hearings.

Japan: Upper House To File Perjury Charges Against Togensha Head

OW1806090896 Tokyo KYODO in English
0712 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — The House of Councillors Budget Committee voted

unanimously Tuesday [18 June] to file a perjury complaint against the president of Tokyo-based realtor Togensha, a major borrower from failed "jusen" housing loan companies.

The upper house panel passed a resolution to file the accusation with the Supreme Public Prosecutors' office against Kichinosuke Sasaki, whom the committee believes perjured himself during his testimony before the Budget Committee on May 1.

It is the first such action by the upper house since April 1979, when Hachiro Kaifu, then vice president of Nissho Iwai Corp., was accused of perjury in a payoff scandal involving the U.S. aircraft makers McDonnell Douglas Corp. and Grumman Corp.

Sasaki was indicted Monday on charges of obstructing the auction of a tract of land put up as collateral for loans.

He allegedly falsified a lease of land in Hakone, [passage indistinct] upper house panel believes that, although speaking under oath, Sasaki falsely testified before the Budget Committee concerning Togensha's efforts to avoid seizure of income from real estate leasing.

Perjury is punishable with imprisonment of at least three months and up to 10 years.

Japan: Hashimoto Said To Hold News Conference on 'Jusen' 20 Jun

OW1806005296 Tokyo KYODO in English
2349 GMT 17 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — The government and the ruling coalition parties have mapped out a four-point framework for an additional commitment by creditor financial institutions in a scheme to wind up the seven failed "jusen" housing loan companies, coalition sources said Tuesday [18 June].

Prime Minister Ryutaro Hashimoto will convene a press conference Thursday to release a statement detailing the framework, the sources said.

The move is in line with an expected final Diet approval Tuesday of a set of bills meant to streamline a government-crafted plan to liquidate the jusen firms using taxpayers' money.

The statement will call for creation of an investment fund, using money contributed by the creditor financial institutions, to offset the taxpayers' burden in the jusen liquidation scheme, the sources said.

The fund, with an initial amount of 700 billion yen, will operate for 15 years to generate yields to cover the

685 billion yen envisaged under the fiscal 1996 national budget for the jusen liquidation plan, the sources said.

The use of the 685 billion yen in the original government scheme is intended to help finance a 6.41 trillion yen loss that will immediately result from the liquidation.

The remaining liability will be shouldered by concerned financial institutions, but they are facing strong pressure from the public to cover more of the losses.

The statement will call for the Bank of Japan and the largest collective jusen creditors, agricultural-related financial institutions, as well as the jusen's founding banks, to put up all the money required for the investment fund, the sources said.

The statement will indicate the need for filing damages lawsuits against borrowers of jusen firms if any illegality is found in their activities, the sources said.

It will also require agricultural financial institutions and creditor banks to study a plan to give up receipts of interest earned on their lending to jusen firms during the January-March period, the sources said.

The statement will propose taking strong measures to recover bad loans which will be left over after the planned liquidation of the jusen firms, the sources said.

Japan: Why 'Guidelines' for Handling Jusen Were Ignored

962B0062A Tokyo USHIO in Japanese Apr 96
pp 142-145

[Article by Takao Iwami, political commentator, in the "Nagatacho Dispatch" feature: "Why Were 'Guidelines' for Handling Jusen Ignored?"]

[FBIS Translated Text]

Former Finance Minister Takemura's Unsatisfying Testimony

There exists a sheet of paper. It is titled "On the Handling of the Jusen Problem," and is a memorandum of agreement by the three governing parties: the Liberal Democratic Party, the Social Democratic Party, and New Party Sakigake. It is dated 19 December 1995, so it was immediately before the government's proposal for the FY96 budget was decided on. In it is the following kind of description concerning guidelines related to commitment of public funds. "Utilize such things as Bank of Japan loans and government guarantees. However, these are things which will become a burden on the people of the nation both directly and indirectly, and above all, understanding by the people is a precondition, so they are means for after the utmost effort has

been made among the parties concerned. Consequently, it should be limited to things which are truly unavoidable, and it is necessary to guarantee transparency and make clear all types of responsibility."

One expects that if the jusen problem had been handled in accordance with these guidelines, it would not have developed into the current kind of great uproar. However, the lines keep bending. First, within a short space of time, neither Bank of Japan loans nor government guarantees, but 685 billion yen in direct public-finance funds were appropriated in the FY96 budget. Why was that done?

Next, according to the guidelines it is made to be "things which are truly unavoidable," but can one say "truly" of 685 billion yen? In order to prove the "truly," one must make clear the grounds for the addition, but where are the grounds?

Thirdly, gaining the understanding of the people by "guaranteeing transparency and making clear all types of responsibility" is made a precondition, but has that precondition been satisfied?

Debate on the above questions has continued in the jusen Diet session since the end of January, and successive-day, campaign-type inquiry concerning them has also been unrolled in newspapers, television and other media, but, unfortunately, the questions keep growing deeper. There are a number of people who hold the key to answering the questions, and the testimony of former Finance Minister Masayoshi Takemura, who was the person in charge when the policy for handling the jusen problem was decided on, comes relatively close to the truth.

In an interview in the ASAHI SHIMBUN of 10 February Takemura said, first, concerning the reason for committing direct public-finance funds: "There was also talk of government investment and Bank of Japan special loans, but I, too, judged that it would be unfair to handle, by loans, things which have no prospect of being recovered, so let us abandon that." That means that doing it in accordance with the above government-party guidelines would be unfair, but is that the only reason? It does not satisfy one.

Well, the core is the allocation concerning what remains of the primary loss after parent banks and general banks have shared the burden, which is approximately 1.2 trillion yen. According to the way in which Takemura explained the situation in the ASAHI interview, it is as follows.

At the Ministry of Finance, the idea that "It is out of the question for the share (of financial institutions) related to agricultural cooperatives to be below 1 trillion yen,"

was the main stream. On the other hand, Diet members connected with agriculture and forestry had the view: "Please guarantee at least the principle. The share can be up to 750 billion yen." But at the final stage it was compressed to 530 billion yen, which is below that, and it was explained (by Finance Ministry authorities) that "This is the highest possible figure. The institutions concerned have already agreed upon it." For some time Takemura had been saying: "Agricultural cooperatives, too, are lenders. There is no such thing as lending money and then not having responsibility," but in the end, things ended up going off track.

Political Circles in Disarray Looking to the Next General Election

In this testimony there appear a few problem points in which the jusen problem has become more complicated. To begin with, if, as agriculture and forestry related Diet members say, we take an upper limit of 750 billion yen, it becomes a calculation in which the public-finance fund burden borne by the people would have gotten by with 450 billion yen; who lowered the 750 billion yen to 530 billion yen?

According to Takemura: it was "agreed upon by concerned institutions" organized as "the opinion of those related to agriculture and forestry." That is, one presumes that the governing parties and the Ministry of Finance accepted a result which the agriculture and forestry side, including Diet members, had haggled down. Why can that be called "the highest possible figure"? Moreover, it is a form in which the opinion of Takemura, the person with ultimate responsibility for compiling the budget, was avoided.

Takemura gave a strained explanation concerning the grounds for computation of this 530 billion yen: "There will probably be criticism questioning whether I made sufficient efforts to increase the share for agricultural cooperative-related institutions, but agricultural cooperative-related institutions are weak, and have no reserve funds. In political circles the opinion was also dominant that agricultural cooperative-related institutions need not share the burden. I thought that in order to settle the matter in that situation, ultimately it becomes a political judgement. The figure of 530 billion yen is a figure which was judged politically." (ASAHI) The nuance is that it is not based on rational computation; it is political money which is roughly calculated, and used in an off-hand manner.

At the Lower House Committee on the Budget (16 February) as well, when prodded on this point, Takemura gave the kind of reply which deepens doubts still further: "When it comes to a political matter, regrettably, it

comes out to be something which is called questionable or haphazard in society at large. But a political decision was made by the highest authority that 530 billion yen is unavoidable. It is not haphazard or without grounds; political means that I made the final decision with the highest responsibility." Is it that he can only use such ways of expressing himself?

But even if he fires off "political" in rapid succession, the one who hears it has no idea of its content. He is confining within "political," a word whose essence is unclear, what he cannot explain in a reasonable manner, or what he hesitates to say openly.

But one can imagine. That he ventures to flee, saying "political," although if it were a matter of preventing the uproar of a run on agricultural cooperative-related financial institutions, he need only explain, because it would be a type of logical decision, is because the intention was not only to avoid a run. One can only believe that the reason he haggled the price down not to 700 billion yen or 600 billion yen but to 530 billion yen lay, after all, in the "desire for farmer votes" which in Nagatacho is spoken of as common sense.

Concerning the third, the question of transparency and responsibility, when one looks at the mutual recriminations of responsibility among those involved, with an appalling lack of consistency, one is struck by a feeling of a bottomless swamp. It also leads to the fear of where in the world Japan will end up going.

It cannot be satisfactory to leave this kind of situation to chance, but if we look only at the *jusen* Diet session, the schedule is being consumed by the pace of the government and the ruling parties, so it is a structure for them to escape completely. It seems to me there is no better material for the opposition parties to use in attacking, but for some reason New Frontier Party's ability to probe it thoroughly is unsatisfactory.

The New Frontier Party of late appears to be losing its function as a united political party. An internal tripolarization and quadripolarization are spoken of; whatever may have been the case if it had stopped at the level of the factions of the former LDP, it has gone beyond that limit and begun to imply dissolution. In the LDP as well, the confrontation between policy lines (the SDP-Sakigake alliance faction and the conservative-conservative alliance faction) is serious, so the entire political world has begun to be in disarray looking to the next general election. It looks like a "jusen political situation," but actually it is not. Every nerve of each of them is concentrated on their own survival. It is truly a crisis-type situation.

Japan: Taiwan Firm To Produce 64-Megabit DRAM Chips for Fujitsu

OW1506053296 Tokyo KYODO in English
0457 GMT 15 Jun 96

[FBIS Transcribed Text] Tokyo, June 15 KYODO — Fujitsu Ltd. has entrusted Taiwan's largest microchip maker with manufacturing of 64-megabit dynamic random access memory (DRAM) chips by providing needed technology, Fujitsu officials said Saturday [15 June].

Taiwan Semiconductor Manufacturing Co. (TSMC) has agreed to produce the next-generation personal computer memory chips with the label of Fujitsu, which will market the product, the officials said.

Fujitsu will also provide TSMC with technology to manufacture 16-megabit DRAM chips, they said.

TSMC will start the manufacturing of both 16-megabit and more advanced 64-megabit DRAM chips from 1997 at a new plant it is now building in Taiwan, they said.

The new arrangement surfaced five days after Fujitsu announced in Tokyo it has decided to postpone semiconductor production plans in the United States and Britain due to a recent downturn in demand.

With the new deal with TSMC, Fujitsu wants to whittle down risks involved in conducting large-scale capital outlays needed for sophisticated computer chip production by commissioning TSMC with manufacturing 64-megabit DRAM chips, industry sources said.

As a result, Fujitsu might later revise downward its group's projected 200 billion yen capital outlay for fiscal 1996 that started April 1 on the basis of construction starts, they said.

Japan: Research Institute Reports OTC Firms Expanding Operations

OW1706113196 Tokyo KYODO in English
0945 GMT 17 Jun 96

[FBIS Transcribed Text] Tokyo, June 17 KYODO — In a turnaround from downsizing measures taken so far, over-the-counter (OTC) firms are beginning to expand their operations, the Daiwa Institute of Research said in a survey report Monday [17 June].

While small-sized companies are generally wary about the slow pace of economic recovery, OTC firms are actively increasing capital investment and employing more people, the think tank affiliated with Daiwa Securities Co. said.

The survey, covering 114 OTC companies, showed that the firms are thinking of taking on more employees

and boosting capital investment in fiscal 1996 by 25.7 percent, compared with 10.1 percent in fiscal 1995 ended March.

The companies expect sales to rise 9.5 percent in fiscal 1996, compared to a 11.6 percent increase in the year ended March, the report said.

Pretax profits, however, are forecast to grow only 10.4 percent in the current fiscal year compared to a growth of 25.6 percent in fiscal 1995.

The weaker increase in profits is expected since more staff will mean higher manpower costs and a rise in capital investment will lead to greater depreciation costs, the report said.

Japan: LDP To Maintain Coalition Even After General Election

OW1706045896 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Jun 96 Morning Edition p 2

[FBIS Translated Text] Koichi Kato, secretary general of the Liberal Democratic Party (LDP), delivered a speech at an LDP seminar in Tokyo on 15 June.

Discussing the party's policy for the next general election, Kato said: "We would like to have a majority of over 251 seats; but to have a stable administration, we need 295 seats. We have to carry on while maintaining our relationship with people we can trust." He thus indicated that even if the LDP is able to obtain a majority alone, it intends to maintain the framework of the coalition government of the LDP, the Social Democratic Party, and New Party Sakigake.

With regard to the question of revising the single-seat constituency system, he expressed the view that, "We should adopt the approach of holding elections under the single-seat constituency system once or twice to see what kind of election results will come out, and how the social atmosphere will be; and then, if we think the system is no good, we can proceed to revise it."

Japan: Hashimoto Said Considering Poll in Fall or Early 1997

OW1806090996 Tokyo KYODO in English 0833 GMT 18 Jun 96

[FBIS Transcribed Text] Tokyo, June 18 KYODO — The Diet passage Tuesday (18 June) of bills aimed at cleaning up the financial mess created by seven failed "jusen" housing loan companies has spurred speculation that the house of representatives could soon be dissolved for a general election, political sources said.

Prime Minister Ryutaro Hashimoto is contemplating a poll during the planned extraordinary Diet session in

the fall or in the ordinary session that starts in January, according to the sources.

Hashimoto is looking for the best opportunity to buttress his power base, which rests on the intrinsically fragile three-party coalition comprising his Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake.

Having cleared the most awkward political hurdle for the moment, Hashimoto is now ready to articulate his own policies in both internal and diplomatic areas, the sources said.

The ruling coalition, however, is far from agreement on key issues of security and defense.

The proposed bill for special legislation to ensure the forced leasing of land in Okinawa Prefecture to U.S. Forces is one issue that could crack the united front of the coalition.

Another potentially disruptive factor is the move toward a new party among some members of the coalition led by Yukio Hatoyama, chief secretary of Sakigake.

Although some LDP members are calling for a cabinet reshuffle or a leadership shake-up, this is unlikely because of concerns about the possibly destructive effect on the coalition, the sources said.

In the coming months, Hashimoto will enjoy a couple of publicity opportunities on the diplomatic front, including a June 22-23 visit to South Korea and the Group of Seven summit in Lyons, France on June 27-29.

He is also scheduled to make another foreign tour in late August and attend the U.N. General Assembly session in September.

On the internal front, Hashimoto plans to sell his "vision" for administrative reform and draft an extra budget to keep the budding economic recovery on track.

He needs the support of the SDP for several bills that failed to pass the Diet session ending Wednesday due to the party's opposition, including those for public nursing care insurance for elderly people and amendment of the civil code.

The SDP has also voiced its opposition to a review of the guidelines for Japan-U.S. defense cooperation and legislation for military emergencies.

The premier, however, has received a boost from the rise in his popularity as suggested by recent polls.

Japan: Intelligence Headquarters Slated To Open In Jan

OW1506031196 Tokyo ASAGUMO in Japanese
30 May 96 p 1

[Unattributed article]

[FBIS Translated Text] The House of Representatives on 22 May passed into law a bill for the partial amendment of the Defense Agency (DA) Establishment Law in order to create a new "Defense Intelligence Headquarters" (DIH) in the Joint Staff Council. The law defines the duties of the new DIH as follows: (1) to gather and survey intelligence related to defense, (2) to provide intelligence necessary for the formulation of joint defense plans, and (3) to handle intelligence related to basic command and joint coordination and control of Self-Defense Forces (SDF) in time of deployment. The law sets a uniformed SDF officer as DIH commander and puts the number of SDF personnel at 1,200. The DA henceforth will move to establish detailed regulations for such issues as organization and the assignment of personnel from the deputy commander level down. The DIH will be housed in the new C Building at the Ichigaya DA compound. Therefore, the establishment of the new headquarters is scheduled to take place in January 1997, after completion of construction and furnishing of the building. The DIH, with a total workforce of 1,582, including civilian officials, will become Japan's largest intelligence gathering and analysis organ. Defense planners are making efforts to develop highly capable intelligence experts and working for enhanced quality.

Ichigaya C Building To Be Completed in Autumn

The rationale for the creation of the new DIH was described in the bill to revise the Defense Agency Establishment Law as follows: "In order to be able to respond properly to international conditions after the Cold War, development of a system capable of comprehensively collecting and analyzing sophisticated intelligence is necessary. However, at present the intelligence organizations of the Defense Agency's Internal Bureau, each service's staff office, and the Joint Staff Council all conduct their own intelligence analysis. As a result, not only are overall DA intelligence processing and analysis capabilities inadequate, because each organization is small in scale, it is difficult to retain highly capable intelligence specialists."

Therefore, the rationale continues: "A new intelligence headquarters shall be established within the Joint Staff Council as an organization for the collection and analysis of defense-related intelligence, while the DA's intelligence organizations shall be revamped and reorganized to make the intelligence functions of the Defense

Agency as a whole more complete and efficient." Two changes were made to the DA Establishment Law related to the creation of the Intelligence Headquarters. First, the section on the "formation of the Intelligence Headquarters" (Article 18-2) states that: (1) the DIH shall be located within the Joint Staff Council; (2) its duties shall be related to the collection and analysis of defense-related intelligence, the provision of intelligence necessary for drafting comprehensive defense plans, the provision of intelligence to SDF units in time of deployment related to basic command and control functions, or other administrative tasks ordered by the Joint Staff Council; (3) the commander of the headquarters shall be a serving uniformed SDF officer; and, (4) its internal structure shall be decided by the Prime Minister's Office (PMO). Second, Article 8, the "Adjustments in the Number of SDF Officers," states that 520 troops will be transferred from the Ground Self-Defense Force (GSDF) to the DIH, 333 from the Maritime Self-Defense Force (MSDF), and 349 from the Air Self-Defense Force (ASDF). With the addition of 18 Joint Staff Council members, that will give the new DIH a total SDF personnel of 1,220. The DA will develop related administrative ordinances, directives, and other instructions to handle the required adjustments to the organization, functions, and such. Specifically, a general grade officer shall be the headquarters commander; a DA deputy director general will be the deputy commander. Under them will be four assistants—three intelligence officers to handle intelligence exchanges with U.S. Forces, Japan (USFJ) and one technical officer for technology issues. The DIH will start with five departments: General Affairs (responsible for general administration, accounting, personnel matters, education and training, etc.), Planning (coordination of overall operations, operational planning), data management, etc.), Analysis (collection, processing, and analysis of intelligence on overall global military conditions as well as by region), Imagery (imagery processing), and Electronic (electronic intelligence processing). In addition, the DIH will handle the collection of intelligence from communications sites nationwide. The number of civilian officials and others at the DIH will be decided later by PMO order. The plan is to have 362 of them, which would make for a total headquarters staff of 1,582.

The DIH will be housed in the new C Building (related to intelligence and documents) in the Ichigaya compound. Along with B Building, construction on this C Building commenced in May 1993. From December 1994 work on the interior began even while construction on the building itself continued. This autumn all the needed equipment and materials will be installed in the building, which will wind up the construction work. After that on-site operational testing of computers,

communications equipment, etc. will be conducted. If everything goes according to plans, the new DIH will begin operations in January 1997.

Japan: TRDI Research Section Head on Numerical Simulation

OW1506031096 Tokyo ASAGUMO in Japanese
30 May 96 p 6

[Article by Hiroshi Yamaguchi, director of the Protective Structures Research Section, 1st Division, Fourth Research Center, Technical Research and Development Institute. Originally titled "Numerical Simulation and Materials Testing"]

[FBIS Translated Text] Recent improvements in computer capabilities are truly astounding. Even family computer games offer a three-dimensional feel to them. They offer color images that give you a feeling of being right there with the action, so much so that even adults can become mesmerized by them. This improvement in computer performance and the resulting development of new forms of software has also made it possible in our research on the evaluation of damage to protective structures (shelters) to carry out simulations of an order that we could never have imagined in the past. We can now view three-dimensional color animations of the walls of structures directly hit by explosive projectiles crumbling away, the destruction caused to structures by explosions, and such that vie with reality in how they present the developing conditions of high-speed phenomena. These are extremely useful in helping us to understand such high-speed phenomena. However, the fact remains that the phenomena of impacting shells or explosions in test situations, with the exception of extremely simple cases, tend to be plagued by wide disparities, so that it is impossible to clearly identify the true numerical values involved.

That is because many factors effect the way that a defensive structure reacts upon impact. For example, is the building constructed of ferro-concrete or composite materials that greatly lack uniformity? Or when the structure is built into the ground, is the soil foundation itself variable in quality and the nature of the soil highly complex? On the one hand, accurate numerical models of the substances involved are required for numerical simulations. However, the fact remains that it is very difficult to conceptualize purely theoretical numerical models for such substances. For that reason, numerical models are developed for practical testing based on data obtained from various kinds of material tests. Nevertheless, because of the complexity of the substances involved, the question of precision in materials testing, especially the technical limits to high-speed materials testing, we can by no means say that we are guaranteed

a wealth of effective test data. That accounts for our inability to develop models until now. So no matter how impressive the color animations representing numerical simulations are, the phenomena portrayed are in fact representations based on such models for the materials involved. That means that we are very dependent on the precision of the materials testing data. Recently, computer numerical simulation has come into its own for phenomena involving the destruction of structures. Supporting this is tried-and-true experimental research, such as that for materials testing.

North Korea

DPRK: U.S. Urged To Respond to Tentative Agreement

SK1706141196 Pyongyang Korean Central
Broadcasting Network in Korean
0750 GMT 17 Jun 96

[Unattributed talk: "Concluding a Tentative Agreement Between the DPRK and United States Is a Basic Guarantee for Ensuring Peace"]

[FBIS Translated Text] The great leader [suryong] Comrade Kim Il-song has taught that relaxing tensions on the Korean peninsula and ensuring peace are important questions that should be resolved with top priority in order to peacefully achieve the reunification of our nation.

Last February, the government of the republic put forward a proposal to conclude a tentative agreement between the DPRK and the United States with a view to eliminating the danger of armed clashes and war on the Korean peninsula, and to peacefully maintaining the armistice status.

Our proposal is a most just and reasonable proposal which took into account the U.S. policy toward Korea, the level of present DPRK-U.S. relations, and the situation on the Korean peninsula which is dashing toward an unpredictable aspect. This proposal should be realized at an early date.

Above all, it is important to provide a peace regime [pyonghwa pojang changchi] in order to realize peace on the Korean peninsula. We and the United States, which acts in the name of the UN Forces [yuengunui mojarul ssun migukun], confront each other, with the Military Demarcation Line [MDL] in between. We and the United States are involved in hostile, belligerent relations [choktaejogin kyojon kwangye].

The Korean war of the 1950's has not ended, but is in a state of temporary suspension [ilsijogin chungdan sangtae]. The armistice system has not been turned into

a peace system, and belligerent relations have continued for nearly half a century following the signing of the armistice. This is abnormal in every aspect, and an unfortunate situation that cannot be found in any part of the world.

Although the Korean peninsula is immersed in the danger of war, which may break out at any moment, there is no safety insurance mechanism to prevent war [chonjaengul pangji halsu innun anjon pojang changchiga opsumnida].

This being the situation, peace and security on the Korean peninsula are being gravely threatened. Speaking about the Armistice Agreement, it has now been reduced to a scrap of paper which cannot make any contribution to ensuring peace on the Korean peninsula.

Today a situation in which security cannot be ensured has been created along the MDL, with even the supervisory organization that watches the armistice having been destroyed.

The U.S. Forces and South Korean puppets brought large weapons of mass destruction not only into their military bases throughout South Korea, but also into the DMZ in area south of the MDL. Furthermore, they went so far as to openly build military facilities in the area close to our side, only 100 meters from the MDL.

War exercise commotions by the warmongers are being frantically staged against us each day.

The purpose of the Armistice Agreement was to suspend the war for the moment and to peacefully resolve the Korean question in the future. However, as soon as the United States signed the Armistice Agreement, it artificially ruptured the convocation of a higher-level political conference as stipulated in Article 60 of the agreement. As a result, the road toward this end was blocked.

Today, the Armistice Agreement on the Korean peninsula has been reduced to a rather useless one for ensuring peace.

War commotions against us have been staged behind the curtain of the Armistice Agreement, and our reasonable and just proposal for establishing a new peace regime has been ignored under the pretext of the Armistice Agreement.

The Armistice Agreement, which in actuality is unable to play any function and role as a war prevention organ, has become a factor that merely disturbs a solution to the peace of question on the Korean peninsula.

What should not be overlooked is that the new war provocation maneuvers of the forces in the U.S. military

and the South Korean puppets have become undisguised with grave aspects.

Recently, bellicose forces in the U.S. military [hojonchogin migunbu seryok] and their South Korean puppets are more frantically running amok with their war adventure against us, all the while under the signboard of what they call threats from the North, the possibility of provocations, and so forth.

They deployed enormous forces of aggression for actual war in and around the Korean peninsula, and each day are staging provocative playing with fire of war, replacing the Team Spirit joint military exercise. This reflects the theory of strength which claims that a solution to the problem between North and South Korea is possible only through military strength. This is a preliminary war that goes beyond the stage of exercises.

War maneuvers by bellicose forces in the U.S. military [hojonchogin migunbu seryok] and their South Korean puppets have been perpetrated during the situation in which the DMZ along the southern side of the MDL was turned into a position to start an attack for northward invasion [pukchimul wihan konggyok chulbal chinjiro chollakdoen kaunde]. Because of such war maneuvers, a dangerous touch-and-go situation [ilchok chukparui wihomhan chongse] has been created on the Korean peninsula.

All situations show that even the least systematic device [choesohanui chedochoch changchi] must be provided to prevent armed clashes and war on the Korean peninsula.

Our proposal for concluding a tentative agreement between the DPRK and the United States has proceeded from this very realistic demand. Therefore, we maintain that a complete, comprehensive, and permanent peace must be ensured on the Korean peninsula. In order for this, we recognize that a peace agreement should be signed between the DPRK and the United States.

Prompted by this, we put forward a proposal to revise the Armistice Agreement, which has become powerless, as a tentative agreement, the least systematic device to prevent armed clashes and a reoccurrence of war on the Korean peninsula and to peacefully maintain the armistice status.

This proposal contains issues regarding safety and order, including the management of the MDL and DMZ; methods for resolving armed clashes and unexpected accidents when they occur; the composition, mission, and authority of the military armistice organization; and the revision and supplement of the tentative agreement.

The tentative agreement is to work on behalf of the Armistice Agreement until a complete peace agreement is concluded.

Today, a broad range of international public opinion notes that our proposal for a tentative agreement is an epoch-making proposal for a durable peace on the Korean peninsula, and expresses ardent support and sympathy with it.

We want peace, and our position calls for providing a peace regime on the Korean peninsula at an early date.

The United States is also talking about the relaxation of the situation and of peace on the Korean peninsula. In this situation, there is no reason whatsoever that the United States cannot respond to our proposal for concluding a tentative agreement.

A nonaggression agreement has already been adopted and has been in force between North and South Korea, and a North-South military joint organization has been formed. Those directly related to the Armistice Agreement are ourselves and the United States. Since the United States has the real power over the issue of security in South Korea, if questions concerning the establishment of a peace regime are resolved between ourselves and the United States, then other problems will be easily resolved.

The United States should respond to our proposal for concluding a tentative agreement at an early date. Refusing this proposal and adhering to the Armistice Agreement cannot be otherwise understood but that it wants war [kugosul kobuhago chongjon hyopchongul kojip hanunkoson chonjaengul hagettanun kosuro pakke talli polsu opsumnida].

According to how and with what position it will respond to the proposal for concluding a tentative agreement, the U.S. policy toward Korea will be verified [komjung toel kosimnida].

The issue of ensuring peace on the Korean peninsula is an important question related to peace and security in Asia and the entire world. When the tentative agreement is concluded between the DPRK and the United States, an epoch-making aspect will be opened for peace and the peaceful reunification of the Korean peninsula, and the agreement will greatly contribute to peace in Asia and the world.

DPRK: NODONG SINMUN Denounces 'Frantic Arms Buildup Against' DPRK

SK1806075296 *Pyongyang KCNA in English*
0746 GMT 18 Jun 96

["Frantic Arms Buildup Against the North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — The U.S. bellicose forces and the South Korean puppets are further stepping up arms buildup and new war preparations far from feeling full responsibility for their danger and consequences.

Commenting on this, a news analyst of NODONG SINMUN today says:

Some time ago, the South Korean puppets officially asked the United States to sell 200 million dollars worth of arms and military equipment including missiles for destroyers. At the beginning of this year, they imported an anti-submarine patrol plane P-3C from the United States.

They decided to form a new flying corps of the puppet airforce in the area of South Chungchong Province early in December and are now stepping up their preparations on a full scale. They also decided to concretize the drastic "naval buildup program" involving a light aircraft carrier and an Aegis ship from next year earlier than the original schedule. In addition to this, they are pushing ahead with the production of home-made arms.

The U.S. military quarters are zealously backing the arms buildup of the South Korean puppets while continuously reinforcing the U.S. armed forces present in South Korea.

What they seek in this is to realise their Asia military strategy and beef up the U.S. munitions complexes.

The South Korean puppets held the 17th "military committee" meeting and the 27th "annual security council" meeting with the U.S. brasshats at the end of last year and several rounds of secret military confabs this year, at which the issue of arms buildup was one of major items put for discussion. The arms buildup program is now being put into practice along with the operational plan for northward invasion.

The warmaniacs are vociferating about "threat from the North" and "maintenance of military balance" to justify their arms buildup.

The South Korean puppets are engrossed in military actions which can be seen on the eve of war, crying that the "inter-Korean issue can be solved only by dint of military strength." Fully-armed combat divisions

have been deployed in forward areas near the Military Demarcation Line and military exercises against the North have been staged almost every day. On top of it, an operational plan against the North dubbed "Five-Stage '5027 Operation'" was opened to the public.

Developments prove that the Kim Yong-sam bellicose group made an ignition of war against the North a fait accompli and are pushing ahead with arms buildup to put it into practice.

DPRK: NODONG SINMUN Justifies KPA Action in DMZ

SK1806093096 Pyongyang NODONG SINMUN in Korean 14 May 96 p 5

[Article by Yi Chin: "Just Measure to Defend the Country's Peace and Security"]

[FBIS Translated Text] As is known, the Korean People's Army [KPA] has solemnly declared that it will give up its missions under the Armistice Agreement — the maintenance and management of the Military Demarcation Line [MDL] and the DMZ — and has taken a series of measures for this. This is linked with the fact that the situation on the Korean peninsula is leading to an unpredictable phase of war due to the acts of the U.S. military forces and the South Korean ruling circles to destroy the Armistice Agreement and their new war provocation commotions. The steps taken by our Armed Forces to protect the country's peace, the nation's security, and our supreme interests from the danger of a new war, are a just self-defensive measure to cope with the situation in which the status of the MDL of the DMZ can no longer be maintained.

The great leader Comrade Kim Il-song taught: "It is our consistent position to peacefully settle the country's reunification issue through dialogue and negotiations."

Our party and the government of the Republic have invariably adhered to peace-loving policies. It is a well-known fact that we have initiated a proposal on replacing the unstable armistice system with a durable peace system and are making an all-out effort to realize it. Peace is our doctrine, aspiration, and invariable position.

The self-defensive measures that we have taken this time are a part of our peace-loving position and efforts.

With the end of the Cold War, the bellicose forces in the United States and the South Korean puppets, which set crushing the DPRK as their major goal in their anti-socialist strategy, have bluntly revealed their criminal intentions and have entered a stage of actually carrying forth the plan for northward invasion in a full-

fledged manner. They have deployed a massive military forces on the Korean peninsula and its surroundings, and waged adventurous war exercises against us daily.

At the beginning of this year, they staged an aerial war exercise aimed at making a surprise strike against us. Following this, provocative war exercises — including bombing exercises involving "B-1" and "B-52" strategic bombers, the "Expedition [wonjong] Exercise" staged in Texas, the United States, and the "Hoguk-96 Exercise" — have been extensively staged. In reality, the warmongers have already cocked the launching mechanism for northward invasion. Timed with this, the Kim Yong-sam ring has continuously made warlike remarks that the issue between the North and the South can "only be resolved through military strength." Because of this, a touch-and-go situation in which a war can be unleashed at any moment, has been created on the Korean peninsula.

Furthermore, what we cannot overlook is that the United States and the South Korean puppets have violently violated the armistice agreement and turned the DMZ along the southern side of the MDL into a starting line for an attack of northward invasion and into a completely militarized zone. As soon as it signed the Armistice Agreement, the United States blocked any possibility of peaceful coordination on the Korean issue from the beginning by artificially breaking the convocation of a higher-level political conference, which was envisaged in Paragraph 60 of the Armistice Agreement. The South Korean authorities, who had long since ignored the provisions of the Armistice Agreement on the maintenance and management of the DMZ, brought various types of heavy weapons and built military facilities in the entire southern portion of the DMZ. They went so far as to openly build a position in an area 100 meters away from the MDL. Because of the bellicose U.S. military circles and the puppets, the Armistice Agreement has turned into a mere scrap of paper which failed to make any contributions to ensuring peace on the Korean peninsula, and the DMZ has turned into a hornet's nest, not a buffer zone.

The United States and the South Korean puppets have turned the southern side of the MDL into a starting position for an attack of northward invasion and are hell-bent on staging war exercises by mobilizing military forces and equipment for a war. Thereby, the danger of fratricidal war, not an atmosphere for peace, national unity, or reunification, is increasing higher and higher in our country with every moment.

Under conditions in which the Kim Yong-sam ring, in league with outside forces, is making every vicious attempt to do something with "strength," we could not

but take practical measures to block their attempt to provoke a new war by defending the peace on the Korean peninsula and the security of the nation.

We have emphasized the dangerous aspect of the South Korean bellicose elements who adventurously cling to the arms build-up and their war frenzy for a northward invasion while systematically crippling the Armistice Agreement, and have repeatedly warned them to stop such actions. In particular, in relation to the ill-boding military movements that have taken place in the southern side of the MDL with the turn of the year, we have suggested that this year be designated as "the year for peace and great national unity" and have showed a generosity in which we will engage in dialogue with the South, regardless of the crimes it committed in the past, if the South is willing to realize the country's peace from an independent and national viewpoint.

However, the Kim Yong-sam ring is seeking a way out of the crisis of "government" caused by the largest irregularities in history and its anti-Republic confrontation policies in inter-Korean confrontation and war. Turning from our patriotic and peace-loving proposals and efforts, the South is expanding its war provocation maneuvers step by step, driving the situation into a dangerous phase.

At such a grim and grave time, our armed forces could not but shift to [nomogaji anumyon andoeonunga] active self-defensive measures. The taking of self-defensive measures by our armed forces is the exercising of its active and peace-loving right to engage in self-defense to prevent the outbreak of war beforehand, which has become an unavoidable reality due to the Kim Yong-sam ring, and to protect the country's peace and security. It can be seen from the stark reality that the situation did not explode even though the Kim Yong-sam ring staged its reckless war provocation maneuvers to light the fuse of war of a northward invasion [pukchim chonjaengui paldongul kon kimyongsam iltangui mumohan chonjaengdobaek chaekdongedo pulguhago sataega pokpallo iojiji ankoinnun omyonhan hyongsiri kugosul poyojunda].

In effect, if we had folded our arms and idly watched the situation, a devastating war could have broken out. It was fortunate that we took self-defensive measures at the proper time, having seen through the graveness of the situation.

It is all the more clear if seen from the perspective that the Kim Yong-sam ring's provocative military commotions were acts to put into practice its operational plan for northward invasion [pukchim chakchon kye-hoek]. Recently, the media disclosed that "the Five-Stage 'Operational Plan 5027,'" which was established

by the South Korean puppets in league with outside forces, is an operational plan for northward invasion [pukchim chakchon kye-hoek]. It is a plan for "reunification by means of northward invasion" [pukchim tongil kye-hoek], ranging from how the excuse for a war provocation can be found, on what scale the arms buildup should be made, the method of armed invasion, and the detailed contents of the operation to achieve the ultimate "reunification by force of arms" [muryok tongil]. The problem is that all the military movements perpetrated this year by the Kim Yong-sam ring have been envisaged in this plan.

After all, our self-defensive measures were preventive steps to block the outbreak of war on the Korean peninsula and the carrying out of the "Five-Stage 'Operational Plan 5027'" [kyolguk uriga chwhihan chawijok chochinun odangye 5027 chakchonui silhaenggwa choson bandoso chonjaengui palbarul okchehan yebang taechaek iotta].

Nevertheless, the United States and their South Korean puppets, and some of the insidious forces [pulsun seryok] which follow them, have distorted the truth and circulated rumors as if our self-defensive measures were aimed at a "certain purpose," completely reversing black and white. This is nothing but a sophism to evade the responsibility of having brought the danger of grave war to the Korean peninsula and to hide their criminal nature to provoke a war on the Korean peninsula, which is against mankind's ideology of peace.

At this very moment, a situation reminiscent of the eve of war continues on the Korean peninsula. Instead of seeing through the graveness of the situation and acting prudently, the bellicose U.S. military forces [hojonjogin migunbu seryok] and their South Korean puppets are increasing their war games while building up their arms.

Our proposal for the establishment of a peace guarantee system to promote peace and security on the Korean peninsula has been ignored, and as a result, a war situation that threatens the peace continues. Such a reality compels us to take a just step [uriro hayogum undanghan taechaegul gangguhaji anulsu opke hago itta]. We reaffirmed that we will answer "strength" with "strength" and dialogue with dialogue.

We, who have a heavy responsibility for the security of the fatherland and the nation, should exert all our efforts for the country's peace and the nation's well-being.

Warmongers should renounce their policy to militarily crush the DPRK and should stop at once their war provocative maneuvers against us.

DPRK: KCNA Reports Increase in Number of 'Demonstrations' in ROK*SK1806080196 Pyongyang KCNA in English
0750 GMT 18 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — 1,360 demonstrations were reportedly staged by citizens across South Korea as of mid-May this year.

The puppet police agency, announcing the figure some time ago, said it is an increase by far as against the same period of last year.

The South Korean people, unable to repress surging resentment at the Kim Yong-sam group's anti-popular crimes, are taking an active part in demonstrations for the right to existence, chanting anti-"government" slogans.

DPRK: Chongukyonhap Statement Denounces Kim Yong-sam 'Clique'*SK1806080796 Pyongyang KCNA in English
0756 GMT 18 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — The National Alliance for Democracy and Reunification (Chongukyonhap) released a statement under the headline "Any More Loss of Lives Should Be Checked", according to the South Korean newspaper HANGYORE SINMUN.

The statement charged that Kim Yong-sam's "civilian" fascist clique are committing such an anti-ethical and anti-moral crime as making a bloody crackdown on the people calling for the right to existence and democracy.

The statement urged the present "government" to find a detailed method to prevent any more loss of lives.

It called for staying alive to fight.

DPRK: Cilreco Urges Support, Solidarity for Reunification*SK1806080596 Pyongyang KCNA in English
0754 GMT 18 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — The Secretariat of the International Liaison Committee for Reunification and Peace in Korea (Cilreco) called for international support and solidarity to the Korean people's just struggle for the country's independent and peaceful reunification on the occasion of the month of international solidarity with the Korean people (June 25-July 27). The committee printed a special issue of bulletin carrying an article calling for this on June 7, which was distributed to its sub-organizations, solidarity organizations, major political parties and organizations.

The bulletin said that the Korean people dealt a heavy blow at the U.S. imperialist aggressors and won a brilliant victory in the past fatherland liberation war (June 25, 1950-July 27, 1953) under the wise guidance of the great leader Comrade Kim Il-song.

Referring to the urgency of establishing a new peace mechanism, the bulletin pointed out: The Cilreco hopes for negotiations between the DPRK and the United States in this connection, an immediate halt to arms buildup and military drills on the part of the U.S. and the South Korean authorities, and great unity of Korean people in the North and South for reunification through confederacy.

The bulletin called on the regional and national committees for supporting Korea's reunification to conduct all forms of activities for support to and solidarity with the just cause of the Korean people in keeping with actual conditions of their regions and organizations.

It called for strongly demanding that the United States establish a new peace mechanism on the Korean peninsula, pull the U.S. forces and nuclear weapons out of South Korea and dismantle the "U.N. Forces Command" in South Korea.

DPRK: Kim Chong-il Lauded as Reunification Leader*SK1806062696 Pyongyang Korean Central
Broadcasting Network in Korean
0700 GMT 16 Jun 96*

[Unattributed talk: "Traces of Great Leadership That Shine in the History of the Reunification Movement"]

[FBIS Translated Text] The great leader [widaehan yongdoja] Comrade Kim Chong-il indicated: Our people lived as a homogeneous nation on one land over a long, 5,000-year history. Today, our people unanimously desire to live independently as one nation on the reunified fatherland.

The respected and beloved General Kim Chong-il [kyongachanun kimjongil changgunnim], sun of the nation and the great lodestar of the fatherland's reunification, is wisely leading the entire nation to the single road toward reunification and patriotism, saying that the our nation's greatest task is to reunify the fatherland, and that the reunification of the fatherland is the greatest patriotism.

Bearing a lofty love for the fatherland and nation, the respected and beloved general [kyongachanun changgunnim] had always been working with the great leader [widaehan suryong] Comrade Kim Il-song for the country's reunification since long ago. One day in October 1979, he called a relevant functionary to review

the prospects for the fatherland's reunification, and said something significant. He said he had always thought that Korea was one, and that Korea was like an organism that can live only as one, and cannot live when divided in two. The respected and beloved general emotionally said that it was his firm will that Korea be not two, but one forever, Korea is one.

With such a will, the respected and beloved General Kim Chong-il [kyongachanun kimjongil changgunnim] wisely led our nation's reunification movement at the fore for decades, and he accumulated immortal achievements that will shine for a long time in the nation's history of the reunification movement. Shining among the achievements are the fostering of the strong chuche-based reunification forces with his outstanding and tested leadership; the cornering of antireunification forces; and the changing of the situation to one favorable to peace and reunification.

The respected and beloved General Kim Chong-il developed a policy to strengthen the chuche-based reunification force on a pannational level, and he has unfolded bold and large-scale operations to implement the policy. The respected and beloved General Kim Chong-il provided, solidified, and developed a strong chuche-based force for the fatherland's reunification by forming a single-heartedly united sociopolitical organism of the leader [suryong], the party, and the masses in the northern half of the Republic.

Such a strong chuche-based force is today enabling our Republic to defend unflinchingly the popular masses-centered socialism and display socialism's superiority despite the tenacious isolation and crushing maneuvers of reactionaries at home and abroad. The great leader Comrade Kim Chong-il [widaehan yongdoja kimjongil tongji] newly presented the outstanding ideology that the main force of the fatherland's reunification is basically the working popular masses, that is the masses of various strata who bear the country-loving, nation-loving, and people-loving ideology. His ideology opened a way to strengthening and developing a strong chuche-based force for the fatherland's reunification in South Korea.

As a result, the popular masses of various strata in South Korea have accepted the great chuche idea as the unitary guiding ideology for the fatherland's reunification and have vigorously risen to the reunification movement to achieve the cause for national independence. The movement for national independence has become the main stream of their country-loving and nation-loving movement.

The great leader Comrade Kim Chong-il defined the 16 May military coup as a restructuring of the colonial

rule for establishing a military dictatorship regime; the Kwangju popular uprising as an antifascist democratization struggle against the military fascist dictatorship; and the setting fire to the Pusan U.S. Information Center as a struggle that kindled the anti-U.S. independence struggle. Based on these definitions, he presented the outstanding ideology that democratization and reunification is impossible without the independence of South Korean society.

Based on his new definition of the characteristics of South Korean society, the great leader Comrade Kim Chong-il presented the profound idea that independence, democratization, and reunification should be organically linked into one movement, and led the people to more vigorously conduct the reunification movement.

As a result, a new turning point in which the anti-U.S. struggle for independence, the antifascist struggle for democracy, and the struggle for national reunification are organically combined and enhanced anew was unfolded in South Korea.

Viewing that the decisive guarantee for the country's independent and peaceful reunification lies in firmly uniting the nation as one and strengthening the main force of reunification, the great leader Comrade Kim Chong-il put forward fair and aboveboard policies to achieve our nation's great unity and energetically led the struggle for their realization.

The respected and beloved General Kim Chong-il saw to it that the struggle for realizing the proposal for founding a Democratic Confederal Republic of Koryo and the struggle to achieve the 10-point program for the great unity of the whole nation was carried out in the direction toward rallying all people in the North, the South, and overseas as one patriotic force for reunification.

Today, our nation's main force for national reunification in the North, the South, and overseas has been extraordinarily strengthened, and this main force is advancing toward forming a nationwide united front. This is precisely the outcome of the respected and beloved Comrade Kim Chong-il's energetic activities and wise leadership to strengthen the main force of reunification.

Along with providing the powerful chuche-oriented reunification main force, the great leader Comrade Kim Chong-il looked ahead to prospects for the developing situation at home and abroad and elucidated reasonable negotiation policies and ways suitable to this in a timely manner. Thus, he is driving the antireunification forces into a corner and is unfolding a phase of changing the situation into the direction favorable for peace and reunification.

It is the consistent position of the respected and beloved Comrade Kim Chong-il to resolve the question of reunification through dialogue, negotiations, and peaceful means.

The respected and beloved Comrade Kim Chong-il opened the first breakthrough on the barrier of division in the 1970's by personally leading the struggle to implement the policy for broad negotiations in conformity with the demands of the rapidly changing situation at home and abroad. In other words, when the three principles for national reunification were made public as a result of the announcement of the 4 July North-South joint statement, the respected and beloved Comrade Kim Chong-il saw to it that the whole nation firmly defended the principles and vigorously waged their struggle for national reunification based on them.

When the South Korean puppet clique announced a so-called special statement in June 1973 in a bid to take the two Koreas fabrication as its policy, the respected and beloved Comrade Kim Chong-il dealt big blows to the splittists' maneuvers for perpetuating the national split by wisely leading our party's internal and external activities to realize the five-point plan for national reunification proposed by the great leader [widaehan suryongnim]. Thus, he saw to it that the reunification line achieved victory.

Even when the Yushin dictator [Pak Chong-hui] of South Korea was eliminated by the South Korean people's antifascist struggle for democracy and when social and political chaos was created in South Korea, the respected and beloved General Kim Chong-il elucidated the future road of the nation with collaboration, unity, and reunification and took active measures to settle difficulties through the united efforts of the North and the South.

In the 1980's, when grave obstacles were created due to the splittists' maneuvers against reunification, the great leader Comrade Kim Chong-il correctly analyzed and judged the essence of the situation and all possibilities for national reunification and actively made them ripen. In this way, he led the situation in a direction favorable for reunification.

Clear evidence of this is the fact that in September 1984 he took the step of sending a huge amount of relief goods to flood victims in South Korea and made this step an occasion for creating an atmosphere of alleviating tensions between the North and the South and for national reconciliation, unity, and dialogue between them.

The great leader Comrade Kim Chong-il put forward reasonable proposals and ways to provide precondi-

tions for peaceful national reunification and vigorously pushed ahead with the struggle for their realization.

Kim Myong-song, councilor of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland, states:

[Begin Kim recording] In accordance with the great leader's [widaehan suryongnim] lifetime teaching on the fatherland's reunification, the great leader [widaehan yongdoja] Comrade Kim Chong-il presented many negotiating methods and ways at a right time. Therefore, we have always been able to corner the antireunification force, and have always created a favorable situation for peace and reunification.

Here is a good example from when eliminating the war risk from our country and creating the preconditions for independent and peaceful reunification emerged as an important issue. As you know, in order to achieve that, we needed to establish a new peace mechanism and end the acute military confrontation and arms race. At such a time, the great leader [widaehan yongdoja] Comrade Kim Chong-il had us propose a new peace mechanism between us and the United States, and a nonaggression declaration to be adopted by the North and the South. He also made us present various reasonable peace proposals and initiatives. Along with this, he asked us to prepare for high-level North-South talks and present important proposals that could practically eliminate military confrontation. Owing to the great general's [widaehan changgunnim] outstanding leadership, the confrontation, division, and war maneuvers of the antireunification forces were crushed every time. As a result, an agreement between the North and the South on reconciliation, nonaggression, and cooperation and exchanges, as well as the joint declaration on the denuclearization of the Korean peninsula were adopted and implemented.

This fact alone teaches us through actual experiences about the farsighted extraordinary wisdom, tested leadership, unrivaled courage, and outstanding strategies of the respected and beloved General Kim Chong-il [kyongaeahanun kimjongil changgunnim], and the fact gives us the firm faith that our cause for the fatherland's reunification will be accomplished without fail, because we have such a great man as the great leader [widaehan yongdoja] of our party and people. [end recording]

Thanks to such wise leadership of the respected and beloved General Kim Chong-il [kyongaeahanun kimjongil changgunnim], today the nation's reunification movement is advancing vigorously. Upholding the fatherly leader's lifetime teaching on reunification, the great leader [widaehan yongdoja] Comrade Kim Chong-il presents correct strategic and tactical

policies that bring about a new turning point in the fatherland's reunification, and he forms the vital current of the reunification movement with his wise leadership. Thus, the future of the fatherland's reunification is bright, the future of the reunified fatherland is brilliant.

As long as the respected and beloved Comrade Kim Chong-il [kyongachanun kimjongil tongji], our heaven and the great lodestar of the fatherland's reunification, leads the cause for the fatherland's reunification at the fore, the Korean people will overcome any trials and difficulties, and will achieve the historical cause of the fatherland's reunification without fail.

DPRK: NODONG SINMUN Criticizes Kim Yong-sam Group's Labor Policy

SK1806044496 *Pyongyang KCNA in English*
0417 GMT 18 Jun 96

["Sabre-Rattling Suppression of Labour Movement" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — The Kim Yong-sam group had another fascist confab a few days ago in a bid to suppress union solidarity strikes in the public for the right to existence and democracy.

NODONG SINMUN today, commenting on this, says that the Kim Yong-sam group are crying for a "decisive prevention" of the strike, contending that the strike will "have a great influence on other "labour-management disputes".

The paper describes the racket as a fascist hysteric fit of those upset by the powerful struggle of the workers.

The analyst goes on:

The violent suppression of the strike is part of their "scorched earth" offensive against the pro-reunification democratic forces, including the South Korean Federation of University Student Councils.

The South Korean workers' struggle is to get their least demand for existence met. Far from satisfying their just demand, the puppets are hell-bent on the fascist suppression of them. This reveals the limitation and anti-social nature of the "civilian government." It also proves how deceptive a "program of new labour-management relations" advertised by the traitor Kim Yong-sam is.

It is quite natural that the South Korean workers have turned out in a struggle to free themselves from their political non-right, subhuman back-breaking labour, maltreatment and humiliation.

It is their unanimous will to fight for right and freedom worthy of man rather than to sit idle and die.

The Kim Yong-sam group should look squarely at the resentment of the workers and put an immediate halt to the fascist suppression of the labour movement.

DPRK: Groups Decry Japanese Dietmen for 'Comfort Women' Remarks

SK1806075996 *Pyongyang KCNA in English*
0749 GMT 18 Jun 96

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — Organizations of Koreans in Japan lashed out at Seisuke Okuno, former minister of justice, and Tadashi Itagaki, Liberal Democratic member of the House of Councillors, for their remarks about the issue of the "comfort women for the Japanese Army", according to a KNS report from Tokyo.

The Kyoto Society for Investigation Into History of Koreans in Japan in a statement criticised the remarks of the Japanese Dietmen as outcries distorting the historical fact.

The statement urged the Japanese Government to make a state apology and compensation for the colonial domination by the Japanese imperialists in the past and strive for normalization of DPRK-Japan diplomatic relations.

The Kanagawa Prefectural Group for Investigation Into Forcible Drafting of Koreans in a statement denounced the utterances of the two Dietmen as a denial of the investigation results announced by the Japanese Government in July 1992 over the issue of "comfort women for the army" and, furthermore, a denial of all the fact of forcible drafting of Koreans.

The statement vehemently exhorted the Dietmen to withdraw their remarks at once.

DPRK: Colombian President Meets SPA Chairman Yang Hyong-sop

SK1806042496 *Pyongyang KCNA in English*
0359 GMT 18 Jun 96

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — "I am sure that the cause of Korea's reunification will enjoy support and solidarity from the government and the people of Colombia in the future," said Colombian President Ernesto Samper Pizano when he met the delegation of the Supreme People's Assembly (SPA) of the DPRK led by its Chairman Yang Hyong-sop.

"We are well aware that the Korean people are now making achievements in their efforts for the country's prosperity and national reunification under the correct leadership of His Excellency the Respected Kim Chong-il," he said.

"We hope that the relations of cooperation and exchange between the two countries will further strengthen and develop in the economy and in politics as well," he added.

DPRK: Party, Government Cadres Visit Kumgangsan Power Plant

*SK1806040096 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 16 Jun 96*

[FBIS Translated Text] At a time when all the people across the country and soldiers of the People's Army are seething with burning emotion to hear the news that Comrade Kim Chong-il, the supreme commander of the Korean People's Army [KPA] who is the great leader [yongdoja] of our party and people, inspected the Kumgangsan Power Plant, which has entered the stage of completion, party and government cadres visited this plant on 16 June.

Heroic KPA soldiers and builders, who have risen up as one, upholding in their hearts the respected and beloved supreme commander Comrade Kim Chong-il's order, have not only completed construction of a 40-km long large-type waterway tunnel in several years, but have also created the miracle of fundamentally completing the first-phase construction of the plant by bravely surmounting all difficulties through their mass heroism and matchless self-sacrificing spirit and by devoting themselves to the construction of the power plant for the country's enrichment and prosperity and for the promotion of the people's welfare.

While recently visiting the Kumgangsan Power Plant, which has entered the stage of completion, the great leader Comrade Kim Chong-il expressed great satisfaction with the fact that soldiers and builders of the one-is-a-match-for-100 People's Army have built another monumental edifice which will shine forever with the era of the Workers Party. He highly appreciated the success of their struggle and extended gratitude to them.

Comrades Yi Chong-ok and Pak Song-chol, members of the Political Bureau of the Central Committee of the Workers Party of Korea [WPK] and vice presidents of the DPRK; Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee and vice premier of the Administration Council; Comrades Chon Pyong-ho and Han Song-yong, members of the Political Bureau of the WPK Central Committee and secretaries of the party Central Committee; Comrade Kim Chol-man, candidate member of the Political Bureau of the WPK Central Committee; Comrade Choe Yong-nim, candidate member of the Political Bureau of the WPK Central Committee and vice premier of

the Administration Council; Comrade Hong Sok-hyong, candidate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Committee; Comrades Hwang Chang-yop and Kim Chung-nin, secretaries of the WPK Central Committee; Comrades Kim Pok-sin and Chang Chol, vice premiers of the Administration Council; Comrade Yun Ki-pok, chairman of the Economic Policy Commission of the Central People's Committee; directors of departments of the party Central Committee; committee chairmen and ministers of the Administration Council; and responsible functionaries and party secretaries at central organs visited the Kumgangsan Power Plant, which has entered the stage of completion.

These party and government cadres received a briefing by Lieutenant General (An Se-duk) in front of the map of the construction of the Kumgangsan Power Plant.

Lieutenant General (An Se-duk) said first: Supreme commander Comrade Kim Chong-il visited here a few days ago and congratulated soldiers and builders on their excellent jobs. Supreme commander Comrade Kim Chong-il then said that the Kumgangsan Power Plant is a great, large-scale edifice of our times and an edifice that we can be proud of to the world. He then stressed the need to emulate the revolutionary spirit that the soldiers of the People's Army displayed.

Lieutenant General (An Se-duk) then noted the love that supreme commander Comrade Kim Chong-il bestowed upon soldiers.

He noted that the soldiers and builders have been able to implement the behest of the fatherly leader [suryongnim] by bravely breaking through all sorts of barriers and difficulties with indomitable revolutionary spirit and by successfully accelerating difficult and vast projects unprecedented in the history of hydraulic power plant construction.

Saying that various impressive exploits and laudable episodes that had moved many people's hearts emerged during these proud days, he introduced the spirit of absolutely and unconditionally implementing the respected and beloved comrade supreme commander's order and instructions — the spirit which has been highly displayed among soldiers —; the revolutionary spirit of self-reliance and fortitude; mass heroism; the noble self-sacrificing spirit; revolutionary comradely love; and the lofty models of unity between officers and enlisted men.

Party and government cadres looked around the bank and water gates that rise high in the sky as a monumental tower reflecting the proud labor exploits of soldiers and builders of the People's Army.

Looking at the huge and magnificent edifices which are built in a dignified manner in a deep valley and which will hand down to posterity the mettle of the era of the Workers Party, the party and government cadres once again felt infinite reverence for and loyalty to the fatherly leader [suryongnim] who unfolded the grand plan to solve the country's electric power by remolding nature and who made all possible efforts to realize the plan until his last moments.

Greeting these visitors, the officers and men of the People's Army said: Because the respected and beloved supreme commander Comrade Kim Chong-il, who possesses the feature of the great leader Comrade Kim Il-song as it is, is with us, it has been possible to vigorously push ahead with the construction project which was [words indistinct] and create a miracle that amazes the people of the world.

The party and government cadres looked around the 40-km long waterway along the same course that the respected and beloved supreme commander had traversed a few days earlier.

The party and government cadres looked around the large-scale (?water canal), a product of the proud labor struggle of soldiers and builders.

They looked around the (?generator room) which has entered the final stage of preparations for its first-phase operation. They then met the soldiers and builders who performed great labor exploits in the struggle to implement our party's policy to remold nature and who have given joy to the respected and beloved General Kim Chong-il, and warmly congratulated them on their labor exploits. They encouraged these soldiers and builders to register greater innovations with the same vigor and mettle that they displayed in the first phase of the construction project.

Cherishing in their hearts a lofty awareness as commanding members of the revolution, the party and government cadres firmly vowed to devote all their energies and wisdom to accelerating production and construction with the revolutionary struggle spirit that the officers and men of the People's Army have displayed.

The current visit by the party and government cadres has become an important occasion for seeing that all functionaries, party members, and the working people live and struggle with the spirit of the arduous march under the red flag of the revolution, following the struggle spirit displayed by our heroic soldiers of the People's Army, and that, thus, they safeguard, defend, and further glorify our style of socialism.

DPRK: Kim Chung-nin Views Unions' Loyalty Pledge to Kim Chong-il

*SK1806042596 Pyongyang KCNA in English
0406 GMT 18 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — Forums were held by officials and members of the General Federation of Trade Unions of Korea and the Korean Democratic Women's Union respectively on Monday on the occasion of the 32nd anniversary of the start of the work of the great leader Comrade Kim Chong-il in the Workers' Party of Korea [WPK] Central Committee.

Present at the forums was secretary of the WPK Central Committee Kim Chung-nin.

The speakers said at the forums that it was a historic event firmly guaranteeing the inheritance and accomplishment of the revolutionary cause of *chuche* that the respected Comrade Kim Chong-il began his leadership over the party work, taking the desire of all the people and the destiny of the WPK and the revolution upon himself.

The unshakable faith that Comrade Kim Chong-il is immediately the fatherly leader Comrade Kim Il-song has been rooted deep in the hearts of the Korean people recalling, with deep emotion, the 30 odd-year history full of victory and glory under the leadership of the great leader, they said, and continued:

The Korean people are now feeling the greatest and warmest love of Comrade Kim Il-song in the idea, leadership and popular traits of Comrade Kim Chong-il and are fully determined to carry out the revolutionary cause of *chuche* under the leadership of Comrade Kim Chong-il.

They said they would make a new turn in their union work by upholding the idea and leadership of Comrade Kim Chong-il in one mind of loyalty and filial piety, bearing deep in mind the last request of the fatherly leader and contribute to defending and further glorifying Korean-style socialism.

They touched on the immortal feats performed by the great Comrade Kim Chong-il in wisely leading the union work.

DPRK: Talk Urges Inheriting Revolutionary Tradition

SK1806070696 *Pyongyang Korean Central Broadcasting Network in Korean*
0900 GMT 16 Jun 96

[Unattributed talk: "Immortal Accomplishments in Inheriting, Developing, and Enriching the Glorious Tradition of the Anti-Japanese Revolution"]

[FBIS Translated Text] Today, our party and people have achieved a great victory in the struggle to complete the chuche revolutionary cause, which was pioneered in the forests of Paektu, by modeling the whole society after the chuche idea.

All these triumphs and achievements are immortal feats which the great leader [widaehan yongdoja] Comrade Kim Chong-il has accumulated in the course of gloriously inheriting and developing the tradition of the anti-Japanese revolution.

The great leader Comrade Kim Chong-il has pointed out: Our party has always firmly defended and maintained the honorable revolutionary tradition founded by the leader [suryongnim] and is comprehensively inheriting and developing it in accordance with the demand for modeling the whole society after the chuche idea.

Inheriting and developing the revolutionary tradition means, in essence, that we should inherit and consummate the revolutionary cause pioneered by the leader [suryong]. The revolutionary tradition is the historical root of the revolution and the blood vessel of the revolution that connects one generation with another throughout the course of revolutionary development. Therefore, only the thorough protection and correct inheritance of the revolutionary tradition enable the revolution to develop along the right road shown by the leader [suryong] and successfully weather over tribulations and hardships in the way.

The great leader General Kim Chong-il has accomplished the immortal leadership achievements by entirely inheriting, and all the more profoundly developing, our party's honorable revolutionary tradition, which the great leader [suryongnim] created amid the bloody anti-Japanese struggle and then developed and enriched over many stages of the revolutionary struggle and construction after liberation.

What is important among the immortal accomplishments in leadership which the respected and beloved general has brought about while developing and enriching the tradition of the anti-Japanese revolution is that, on top of everything else, he has solidly defended and maintained the revolutionary tradition and totally materialized it in all domains of revolution and construction.

Only when we resolutely defend the revolutionary tradition at all the time and entirely materialize it in all areas of revolution and construction, can we incessantly develop and pass on the revolutionary tradition, obtained by the leader [suryong] in the early days of the revolution, and finalize the leader's [suryong] revolutionary cause generation after generation to the end.

The great leader [yongdoja] General Kim Chong-il, out of the firm stance that there can be no other tradition in our party except the chuche-oriented revolutionary tradition created by the great leader [suryongnim] himself, has guided us to unyieldingly wage uncompromising struggles against any move to blur or eradicate our party's revolutionary tradition.

Hence, the tradition of the anti-Japanese revolution has been gloriously upheld, and the revolutionary assets permeated with the revolutionary tradition have been purely inherited and developed for good.

Along with guaranteeing the purity of the tradition of the anti-Japanese revolution to protect and uphold it, the respected and beloved General has energetically led the work of continuously exhuming revolutionary assets created in the anti-Japanese revolution and handing them down through the generations.

Therefore, new secret camps and valuable documents on which slogans were written are excavated in the Mt. Paektu area and the rest of the country, and grand monuments are built at revolutionary battle sites and relic sites, including Samjiyon and Mt. Wangjae. Also, "Flower Girl," "Sea of Blood," and other immortal masterpieces created and performed at the time of the anti-Japanese struggle are restaged.

The respected and beloved general has ensured that the tradition of the anti-Japanese revolution be defended and maintained resolutely and implemented gloriously in all areas of people's work and life and revolutionary construction.

The general presented indoctrination in the revolutionary tradition as the most important task in the party's ideological work and strongly armed party members and workers with our party's revolutionary tradition to ensure that they accelerate the implementation of the chuche cause in the spirit of the anti-Japanese revolution.

The respected and beloved general has also ensured that indoctrination in the revolutionary tradition be carried out in close conjunction with actual revolution. He also presented the revolutionary slogan "Let us produce, study, and live in the anti-Japanese guerrilla work style!" and has ensured that it be implemented thoroughly. As a result of the thorough implementation of this

slogan, all party members and workers have worked and lived in the anti-Japanese guerrilla work style, studying style, and lifestyle; all society has been filled with a revolutionary spirit; and great progress has been made in human remodeling, nature remaking, and social reform.

What is important about the achievements which the respected and beloved general, who has inherited and developed the tradition of the anti-Japanese revolution, has brought about in leadership is, next, that he has further developed and enriched the content of the revolutionary tradition with new revolutionary assets. First of all, he has deepened and developed the great leader's [widaehan suryongnim] revolutionary ideology, and thus further developed and enriched the tradition of the anti-Japanese revolution. The leader's [suryong] revolutionary ideology is the most important in the revolutionary tradition. The respected and beloved general has formulated the leader's [suryongnim] revolutionary idea as an integral system of the chuche-oriented idea, theory, and method, and he has fully deepened and developed it. This is the respected and beloved general's immortal contribution to the implementation of the revolutionary cause of the working class and the development of revolutionary theories. This is also a great accomplishment that he has brought about in developing and enriching the tradition of the anti-Japanese revolution.

The respected and beloved general has brought about valuable revolutionary accomplishments and rich experiences in the party's work and activities, and thus he has developed and enriched the tradition of the anti-Japanese revolution.

The respected and beloved general has brought about great achievements and experiences in revolution and construction, as well, and thus has further developed and enriched the tradition of the anti-Japanese revolution.

He presented the modeling of all of society after the chuche idea as our party's supreme program, and he has wisely led the struggle to carry out this task. Modeling all society after the chuche idea is a sacred work for remodeling people and reforming society by fully materializing our party's revolutionary tradition in all areas of revolution, construction, and social life in compliance with the demands of the chuche-oriented idea, theory, and method contained in the revolutionary tradition.

We have been able to win a glorious victory in the human remodeling work designed to raise all members of society to be genuine chuche-type communist revolutionaries and make great progress in socialist economic construction by waging the historic struggle to model all of society after the chuche idea.

A great revolutionary change has taken place in building socialist national culture, and the country's national defense strength has been further consolidated.

The respected and beloved general has wisely led the struggle for the cause of the fatherland's reunification and the cause of independence in the entire world by materializing our party's revolutionary tradition, and he has brought about great achievements in this area, as well.

Through his energetic ideological and theoretical activities and great actual revolutionary activities, the great leader [widaehan yongdoja] General Kim Chong-il has brought about immortal achievements and experiences in all areas of party building, party work, and revolution and construction. Thus, he has further developed and enriched the tradition of the anti-Japanese revolution.

Because the respected and beloved general has constantly developed and enriched the tradition of the anti-Japanese revolution on the vanguard, today our people are courageously overcoming trials and difficulties and vigorously accelerating revolution and construction in the spirit of the Arduous March with a firm belief and indomitable will without wavering, despite the fact that the imperialists and international reactionaries are perpetrating more vicious antisocialist and anti-Republic maneuvers.

Truly, the great leader [widaehan yongdoja] General Kim Chong-il has ensured that our party's honorable revolutionary tradition, which was provided in the flames of the arduous anti-Japanese struggle, be inherited eternally for a thousand years and demonstrate its boundless vitality in mankind's ideal society, a communist society. These immortal achievements by him will shine eternally for generations come and always vigorously push our people's struggle to complete the chuche revolutionary cause to the end generation after generation.

South Korea

ROK: Chongnyon Figure Reveals Kim Chong-il's 'Plan' for Korean War

SK1806105696 Seoul KYONGHYANG SINMUN
in Korean 18 Jun 96 p 5

[Report by Yi Tae-kun]

[FBIS Translated Text] A figure associated with the pro-Pyongyang General Association of Korean Residents in Japan [Chongnyon] has published on the Internet a dissertation entitled "Marshal Kim Chong-il's War Plan"

which summarizes Kim Chong-il's thoughts on a war on the Korean peninsula. This has attracted attention.

This dissertation was authored by Kim Myong-chol, former editor-in-chief of PEOPLE'S KOREA, a now defunct newspaper associated with Chongnyon. He alleges that North Korea plans to attack nuclear bases [kichi] and nuclear power stations in the ROK, the United States, and Japan if a conventional war breaks out. The following is a summary of the dissertation:

North Korea does not possess nuclear weapons, but is capable of doing so if it wants to. North Korea is capable of producing several nuclear weapons in a very short period of time. It also has underground facilities to secretly manufacture these nuclear weapons.

However, Kim Chong-il thinks the time has passed to use nuclear weapons in an actual war, and stresses that North Korea can win a war without relying on nuclear weapons.

Kim Chong-il has a plan to prepare against another Korean war. A North Korean source told a visiting Korean resident in Japan: "Marshal Kim Chong-il thinks all that needs to be done is to convince the United States that it can win a war only by paying a dear price."

The price here refers to hundreds of thousands of U.S. soldiers who will be killed, scores or hundreds of U.S. fighters that will be shot down, submarines that will be sunk, and U.S. nuclear bases [kichi] that will be destroyed.

All that needs to be done is to let Americans realize that nuclear power stations in New York and Washington will be targets of North Korean long-range missiles, and for U.S. television to carry live coverage of horrific scenes from the war.

Many Western experts scoff at this idea. However, the United States failed to detect in advance the test launch of the Nodong 1 missile with its spy satellites.

North Korean special bomber and missile units are tasked with destroying nuclear bases [kichi] and nuclear facilities [sisol].

Thus, Kim Chong-il believes North Korea does not need to manufacture nuclear weapons.

Paradoxically speaking, North Korea virtually owns a colossal warehouse of nuclear weapons. North Korea will not die alone.

ROK Government Welcomes Acceptance Into Disarmament Conference

*SK1806032096 Seoul YONHAP in English
0101 GMT 18 Jun 96*

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — South Korea welcomed the Conference on Disarmament (CD) decision Tuesday [18 June] to accept South and North Korea and 21 other countries as members of the international organization on disarmament.

"The government of the Republic of Korea also hopes that the expansion of the CD helps guarantee international peace and security by increasing disarmament activities," Foreign Ministry spokesman So Tae-won said.

The United States has opposed accepting Iraq as a new member for fear of the possibility of Iraq exercising its veto right at CD meetings which requires consensus for agenda approval. The CD examined the new membership of the 23 countries as a group.

The United States agreed to the CD expansion Monday when Iraq and 22 other states agreed that they will not use the veto right for at least two years.

ROK Welcomes DPRK Membership in UN Disarmament Conference

*SK1806061396 Seoul YONHAP in English
0552 GMT 18 Jun 96*

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — South Korea welcomed North Korea's joining in the United Nations Conference on Disarmament [CD], the world's only multilateral disarmament negotiating forum, and expressed hope that it will help ease tension on the Korean peninsula.

"We urge North Korea to take its admission to the CD as an opportunity to join the Chemical Weapons Convention (CWC), signed in 1993, and take a more active part in international nuclear and conventional disarmament," Foreign Ministry Spokesman So Tae-won said.

It is believed that North Korea possesses a large chemical weapon stockpile.

So also expressed hope that the North will act as a responsible member of the international community under the framework of the multilateral disarmament regime.

"We hope that the North's CD membership will be a steppingstone for confidence-building between South and North Korea within the disarmament mechanism," an official said.

"That's because we believe that the Pyongyang government joined the CD on the assumption that it will honor all the obligations imposed by the CD and the nuclear nonproliferation treaty (NPT) and other disarmament and nonproliferation agreements signed under the framework of the CD."

"In that sense, North Korea is more likely to respect the safeguards of the International Atomic Energy Agency (IAEA), the regulatory agency for the NPT, although joining the CD does not have a direct impact on the implementation of the NPT," he said.

North Korea has frequently threatened to withdraw from the NPT, to which it is a party, when faced with pressure from the United States and the western world to abandon its suspected nuclear weapons program.

"The North's real intention in joining the CD, however, is to take part in the CD's decision-making process, which is the only world organization that can make legally-binding disarmament and nonproliferation treaties," another official said.

The official pointed out the North's double standard regarding disarmament.

"On one side, the North has offered to reduce the number of troops in South and North Korea to 100,000 respectively and, on the other, the North has refused to respond to the proposal by South Korea to convene a joint military committee to ease tensions on the Korean peninsula, which as stipulated in the South-North basic agreement," he said.

In any case, North Korea's CD membership will have a positive effect on inter-Korean relations and improving relations between Pyongyang and Washington, the official said, adding, "That's why Washington did not oppose Pyongyang joining the CD, although it had until recently strongly refused to accept Iraq as a CD member."

ROK: Effect of LWR Project on DPRK System Viewed

SK1506070496 Seoul KYONGHYANG SINMUN
in Korean 15 Jun 96 p 5

[Report by reporter Yi Tae-kun: "Meaning of the KEDO-DPRK Signing of a Transport and Communications Agreement"]

[FBIS Summary] As the Korean Peninsula Energy Development Organization [KEDO] and North Korea agreed on 14 June to sign a transit and communications protocol, the light-water reactor [LWR] project proceeded a step further.

Even while positively reacting to the light-water reactor project, North Korea had been making every effort to minimize the possible effect of the project on its people, because the project must not become a Trojan horse that may lead to the changing of the North Korean establishment.

North Korea reportedly was sensitive to the KEDO proposal to use satellites, in particular. Still, KEDO was able to obtain concessions from North Korea on the use of satellites, insisting that that is necessary for smooth implementation of the project. When satellites are used for the project, the Sinpo, North Korea area will virtually become an open city as far as communications is concerned. The fact that KEDO secured North Korean concessions on the use of satellites has afforded the ROK a turning point in pursuing its tacit goal of providing light-water reactors to North Korea — leading North Korea to open itself up.

ROK: Competition in Business Circles Over LWR Project Viewed

SK1706121696 Seoul KYONGHYANG SINMUN
in Korean 16 Jun 96 p 3

[Report by reporter Kim hwa-kyun]

[FBIS Translated Text] "Win special orders in the light-water reactor [LWR] project." Now that the Korean Peninsula Energy Development Organization [KEDO] and North Korea have provisionally signed protocols on communications and traffic, domestic enterprises are rushing to compete to win orders in the LWR project.

The project to provide LWRs to North Korea is worth over \$4 billion (3 trillion won) on the basis of 1999 standard prices. In addition, because the LWR project is expected to effect the expansion of South-North economic cooperation, it is believed enterprises will achieve great moral and material gains by participating in the project. Construction businesses are the ones that most welcome the provisional signing of the protocol, for they estimate the value of the materials needed to construct nuclear power plants in North Korea will exceed 700 billion won.

Among domestic construction businesses, Hyundai, Tong-a, and Daewoo, which have experience in building nuclear power plants, have an advantage in the competition. Samsung Constructions and Daerim Industries, which have no experience but have promoted the construction of nuclear power plants, will direct their energies to winning construction orders. Hyundai Construction Company built and has been operating nine nuclear power plants, including Kori Atomic Power Plants Nos. 1-4, and is now engaged

in constructing three other plants. Last year, Hyundai formed the "Headquarters for Preparing Measures for LWR Construction," headed by Managing Director Cha Yon-hwan, and set out on its preparatory work in advance. Hyundai has produced a publicity film and prepared an explanatory meeting.

Tong-a Construction Company stresses that the Ulchin Atomic Power Plants Nos. 3 and 4, which it constructed in cooperation with the Daewoo Construction Company, are virtually the ROK-style plants to be constructed in North Korea. Tong-a has operated a special LWR team since last year, and has recently enlarged it. Meanwhile, the company is actively seeking technological cooperation with companies from advanced countries.

Daewoo Construction Company, which participated in the construction of Kori Atomic Power Plant Nos. 1 and 2 and Ulchin Atomic Power Plant Nos. 3 and 4, reorganized its plant headquarters to make its Atomic Power Department an independent team for winning orders for constructing LWRs in North Korea. In addition, to form a committee for promoting the LWR construction, the Daewoo Group selected experts from its construction and trade sectors, from Daewoo Heavy Industries, and from its Hightech Institute; it has operated the committee since 1994.

Daerim Industries, which won the order to construct Yonggwang Atomic Power Plants Nos. 5 and 6 jointly with Hyundai Constructions, is also mapping out its own strategy to win LWR construction orders. Backed by group-level support, Samsung Construction is promoting its technological growth through technological cooperation with advanced foreign companies, such as Bechtel and Westinghouse of the United States and Mitsubishi of Japan.

Maritime transport businesses expect they will come out of the sustained business slump all at once because large building equipment, building materials, and LWR facilities over 1 million tonnes in weight will need to be transported to the LWR construction site in North Korea by ship by 2003. The Kunhae Maritime Company has proceeded with its preparations for transporting LWR-related material. Last year, in a bid to win orders concerning the LWR project, this company formed a consortium with eight domestic companies, including Taeyong Trading Vessels and Hung-a Maritime Transport Company, and with ocean liners between the ROK and Japan and between the ROK and Southeast Asia. Since February, the Kunhae Maritime Company has collected material through contacts with KEDO and the Korea Electric Power Corporation, and will soon apply for a coastal service license to the Korea Maritime and Port Administration.

At the same time, some 20 other maritime transport companies—including the Samson Maritime Company, the Hansong Shipment Company, and the Taehan Transport Company, which participated in transporting rice to North Korea last year, as well as the Tongbang Shipment Company, which possesses barges of 5,000 tonnes or more—are preparing to transport LWR-related materials.

Among air service businesses, Korean Air and Asiana are busy preparing for the opening of a direct route between South and North Korea. In communication business circles, it is believed the two largest ROK communication companies, Korea Telecom and Dacom, will participate in the LWR project. In particular, Korea Telecom is expected to play a leading role because it was in charge of giving technological advice in the communications area during negotiations on the LWR project.

Meanwhile, clothing and electronic business circles, which have no direct relation to the LWR project, are also doing preparatory work in their respective systematic ways, foreseeing the opening of North Korea's door due to the LWR project.

ROK: KEDO Screening Technical Consultants for Reactor Project

*SK1806083996 Seoul YONHAP in English
0830 GMT 18 Jun 96*

[FBIS Transcribed Text] New York, June 18 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) has begun screening a number of applications from technical consultants for the light-water reactor project in North Korea.

The work is under way in preparation for contract negotiations with the Korea Electric Power Corp. (KEPCO), the prime contractor. The KEDO and North Korea recently initialed a required protocol on privileges, immunities, consular protection, communications and transit.

Six major American nuclear engineering firms including Bechtel, Sargent & Lundy, Stone & Webster and Duke are currently being screened, a KEDO official said Tuesday (18 June).

One or two firms will be chosen from the pool of applicants and referred to the KEDO Executive Board, which will make a final decision later this month or early next month, according to the official.

KEDO's technical consultant will provide the international consortium responsible for the light-water reactor project with technical advice until the two reactors in the North are completed in 2003.

**ROK: KEDO, DPRK To Sign Communications,
Transit Pact**

SK1406033596 Seoul YONHAP in English
0252 GMT 14 Jun 96

[FBIS Transcribed Text] New York, June 13 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) and North Korea will initial a communications and transit protocol supporting the enforcement of the light-water reactor supply agreement within next week, a KEDO source said Thursday [13 June].

Having tentatively agreed on the text of the communications and transit protocol Tuesday, both sides are now awaiting final approval from their governments, according to the source.

On transit, a major issue of contention, the two sides have reportedly agreed to open two direct routes, one by sea and the other by air, for transporting an enormous quantity of construction equipment and materials to the reactor construction site in Sinpo, North Korea.

They have, however, failed to agree on a land route passing through the truce village of Panmunjom, according to the source.

For communications, KEDO and North Korea have agreed to use an existing fiber optic cable communications network between Pyongyang and Sinpo (100 circuits) during the initial phase of the reactor project, and to allow KEDO and the Korea Electric Power Corp. (KEPCO), the prime contractor for reactor project, to use independent satellite communication facilities from or around 1997 when the project is in full swing.

The communications and transit protocol will be the second of more than 10 protocols that need to be signed between KEDO and North Korea. The privileges, immunities and consular protection protocol was signed May 21.

With the two most important protocols out of the way, formal contract negotiations between KEDO and KEPCO are expected to begin soon.

**ROK: Minister Warns Against Extreme
Competition for DPRK Market**

SK1406050996 Seoul YONHAP in English
0455 GMT 14 Jun 96

[FBIS Transcribed Text] Seoul, June 14 (YONHAP) — National Unification Minister Kwon O-ki has warned against the possibility of cut-throat competition among South Korean businesses for the North Korean market once inter-Korean economic cooperation is in full swing.

Speaking at a Seoul Economist Club breakfast meeting Friday [14 June], Kwon said, "It's good for market mechanisms to enter North Korean society, but I'm concerned about South Korean businessmen bribing North Korean officials to get on their good side."

The government will not restrict investment in the North as long as businesses conduct themselves in a manner that prevents North Korean officials from seeing bribes or other unethical behavior as part of the market mechanism, he added.

He noted that in spite of strained inter-Korean relations, South Korea emerged as the North's third largest trade partner last year, with two-way inter-Korean trade amounting to 300 million U.S. dollars.

Kwon predicted that inter-Korean trade would increase in the future.

He went on to say, "We should not see unification as an opportunity to learn about North Korea...we should formulate a North Korea policy that will increase the number of North Korean people who believe unification will bring them a better life."

**ROK: First ROK-DPRK Factory in Nampo To
Begin Production Soon**

SK1606040696 (Internet) The Digital Chosun Ilbo
WWW in English 1217 GMT 15 Jun 96

[FBIS Transcribed Text] An official of the Daewoo Group disclosed Saturday [15 June] that legal proceedings for the operation of its joint-venture factory in North Korea are complete, and that discussion of practical aspects of operation and personal issues with the North Koreans are currently underway. It is expected that the factory will begin operating by next month at the earliest. This is the first joint-venture between the two Koreas in the Nampo Industrial Complex.

Daewoo will ship equipment and send engineers to Nampo as soon as final discussions are completed. Three factories for shirts, jackets, and bags in Nampo have been completed and are waiting to commence operations.

**ROK: Bank of Korea Reports on DPRK Economy's
Decline**

SK1806042896 Seoul THE KOREA TIMES in English
18 Jun 96 p 9

[By staff reporter Sa Tong-sok]

[FBIS Transcribed Text] The North Korean economy grew minus 4.6 percent last year, hurt by natural calamities and a slowdown in industrial output, the Bank of Korea said in a report yesterday.

This was the sixth consecutive year the reclusive communist country's economy has seen a decline since the central bank began compiling the northern performance in 1990. In 1994, North Korea recorded a minus 1.8 percent rise in gross domestic product (GDP).

"Grain output in the North tumbled sharply owing to natural calamities. Furthermore, industrial activity slowed significantly in most sectors, affected by shortages of funds, energy and raw materials," the report said, adding that North Korea's economic scale in 1995 is believed to have shrunk about 25 percent from that in 1989.

North Korea's nominal gross national product was estimated at 22.3 billion dollars last year, up 5.2 percent from 1994, but this was only one twentieth of South Korea's 451.7 billion dollars.

Per capita GNP in the North rose by 34 dollars to 957 dollars last year, one tenth of South Korea's 10,076 dollars.

North Korea's trade volume decreased from 2.11 billion dollars in 1994 to 2.05 billion dollars last year as the economic downturn continued. This was one-127th of South Korea's 260.1 billion dollars.

North Korean exports fell slightly to 840 million dollars while imports rose to 1.31 billion dollars last year. "North Korea's foreign trade has shown a downward curve since the Soviet Union and socialist countries in eastern Europe collapsed," a central bank official said.

A combination of ineffective farming systems, low productivity and natural disasters also dealt a devastating blow to the fragile North Korean economy.

Rice production fell 19.4 percent to 1.21 million tons last year, affected by the long spell of cool weather in June and July and heavy rain in July and August. Output of other major food grains such as corn fell sharply, as well.

Livestock production experienced a slowdown, bringing growth of the agriculture, forestry and fisheries sector to minus 10.5 percent.

The isolated Stalinist country's manufacturing sector recorded a minus 5.8 percent rise as both light industrial and heavy and chemical sectors saw negative growth. "North Korea suffered a setback in production owing to shortages of energy and raw materials and transport bottlenecks," the central bank said.

Other North Korean industrial sectors showed negative year-to-year growth in general except in electricity and gas which recorded a 0.1 percent gain.

Mining grew minus 2.3 percent last year following a negative growth of 5.5 percent in 1993 as coal production continued to fall.

"An economy needs to make progress to stay lively. But the situation in the North is going in the opposite direction. That's the biggest problem facing the North Korean economy," said Pang Tong-chun, director for the central bank's statistics department.

He told reporters that North Korea's industrial development has been stunted across the board due to the economic downturn.

ROK Unification Ministry: Red Cross Sole Channel for DPRK Aid

*SK1806053296 Seoul YONHAP in English
0513 GMT 18 Jun 96*

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — Despite defiance from some social organizations, the government plans to adhere to its policy of using the Korea National Red Cross as the sole channel for private relief aid for flood victims in North Korea.

"The government will not permit religious and dissident organizations to offer relief assistance to the North through international bodies or directly," a national unification ministry official said Tuesday [18 June].

In a poll of unification experts, he said, more than 80 percent support a single aid channel for North Korea.

"It is most important to conduct relief activities for the North Koreans in such an orderly manner that practically assist in improving inter-Korean relations."

Business and media firms will continue to be banned from offering relief aid to the North lest it should incur excessive competition, he added.

Another official warned, "if and when civic organizations provide assistance to the North through world bodies or directly, there is no way but to deal with them in accordance with the provisions of the pertinent law."

The law governing inter-Korean exchanges and cooperation requires the national unification minister's prior approval for a grant-type aid to the north.

In open defiance of such a law, the "Health and Medical Personnel Donation Headquarters for North Korean Flood Victims" handed Tuesday morning 16 million won (20,100 U.S. dollars) to the South Korean chapter of the United Nations International Children's Emergency Fund for delivery to North Korea.

ROK: Samsung Medical Center To Provide Free Care to DPRK Defectors

SK1606040396 (Internet) The Digital Chosun Ilbo
WWW in English 1215 GMT 15 Jun 96

[FBIS Transcribed Text] About 50 North Korean defectors visited the Samsung Medical Center on Saturday [15 June], after the company announced it will provide free medical services for them. Prompted by a news report that the daughter of a defector could not afford medical treatment after injury in a traffic accident, Samsung decided it would provide services to the 111 people who have defected since December of 1993.

A representative of the Medical Center said that after examination, those who are in need of care will be treated until fully healed.

ROK: KOTRA: U.S. Visas Issued to North Koreans Increased in 1995

SK1706090596 Seoul YONHAP in English
0753 GMT 17 Jun 96

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — The number of U.S. entry visas issued to North Korean passport holders leaped last year, the Korea Trade-Investment Promotion Agency (KOTRA) reported from Los Angeles Monday [17 June].

The United States issued 1,583 entry visas to North Korean citizens last year, mostly to those residing in Japan and belonging to Chochongnyon, the federation of pro-Pyongyang Korean Residents in Japan, KOTRA quoted a U.S. State Department official as saying recently. A total of 967 such visas were issued to such passport holders in 1994 and 244 in 1993, the U.S. official said.

Considering this trend, the official added, it is likely that this year's total will exceed 2,000.

Though a large amount of visas have been granted to North Koreans, the official was known to have said, there exists a huge difference between the number of persons issued visas and those who actually travel to America.

Tourist visas accounted for the overwhelming majority of U.S. visas issued to North Korean passport holders last year with 1,417, followed by business with 75, student with 44 and international organization with 32.

ROK: South-North Trade Volume Declines 37% in First 5 Months of 1996

SK1706043196 Seoul YONHAP in English
0306 GMT 17 Jun 96

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — The volume of inter-Korean trade declined 37.4 percent in terms of government approval during the first five months of the year from that in the same period last year, reflecting a deteriorating economic situation in the North and unimproved relations between the two Koreas.

There were 589 trade deals worth 89.98 million U.S. dollars approved by the end of May, down 37.4 percent from 143.77 million dollars involving 569 deals recorded a year earlier, according to statistics released Monday [17 June] by the National Unification Ministry [Ministry of National Unification].

The volume turned out to have shrunk also in terms of customs clearance. The volume cleared in 1,012 cases reported as of the end of April remained at 75.54 million dollars, down 16.3 percent from 90.27 million dollars (657 cases) recorded during the same period last year.

The monthly inter-Korean trade volume, which peaked at 25.63 million dollars in terms of government approval in March, plummeted to 17.13 million dollars in April and to 12.83 million dollars in May.

The official attributed the decline to a gradual structural reform now underway in the inter-Korean trade, aggravated economic difficulties in the North and stagnant bilateral relations.

North Korea is limited in purchasing goods from the South due to its foreign exchange shortage and has a limited number of products that can be sold to the South, according to the source.

ROK: Air Raid Drill To Be Conducted in ROK Metropolitan Areas

SK1406015596 Seoul THE KOREA TIMES in English
14 Jun 96 p 3

[FBIS Transcribed Text] An air raid drill will be conducted for two hours from 2 p.m. today simultaneously with the civil defense exercise in metropolitan areas including Suwon and Songnam, the ROK Joint Chiefs of Staff (JCS) said yesterday.

The ROK JCS said that the drill is aimed to check surveillance status against possible attacks by air and to enhance defense capabilities in contingency.

The drill will be conducted as sirens go off to alert citizens of an imaginary air raid and anti-raid units will get ready to intercept them.

P-73 B aircraft of ROK Air Force will be mobilized to add to the sense of reality of the drill.

ROK JCS advised residents in the abovementioned areas not to be alerted by the appearance of high speed jet aircraft and asked them to cooperate fully during the exercise.

ROK Government Urges PRC To Guarantee Safety of Korean Tourists

*SK1806015896 (Internet) The Digital Chosun Ilbo
WWW in English 1149 GMT 18 Jun 96*

[FBIS Transcribed Text] The Korean Embassy in China issued a request Monday [17 June] to the Chinese Security Bureau for special safety measures to be accorded to Korean tourists during the high season of tourism in the Paekdu mountain area in July and August.

While Korean tourism in Chinese is flourishing, crimes committed by Chinese nationals on Korean tourists are also on the rise. The number of Korean travelers in China rose to 529,000 in 1995 from 190,000 in 1993. This year it is expected that a further increase by 40% to 740,000 will be witnessed.

Last year there were over 200 crimes reported to have been suffered by Korean tourists.

ROK: ROK-PRC Talks on Midsize Airplane Project End in Failure

*SK1806111596 Seoul YONHAP in English
1058 GMT 18 Jun 96*

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — The joint South Korea-China project to produce mid-size airplanes has ended in a failure as final bilateral talks to save the scheme broke up Tuesday [18 June].

South Korean and Chinese delegations had third-round talks in Beijing Monday and Tuesday but failed to iron out their differences, Vice Trade, Industry and Energy Minister Chu Chon-sok said Tuesday.

The South Korean delegation was headed by Yi Kon-u, Trade, Industry and Energy Ministry's director general for basic industry, and the Chinese team by Tang Xi-aoping, vice president of the Chinese general company of aeronautics industry.

The two sides only agreed to report the outcome of Tuesday's talks to the South Korea-China Industrial Cooperation Committee set to meet in July, Vice Minister Chu said, adding that it therefore has become impossible for the two countries to promote the joint Korea-China airplane project any further.

"Nonetheless, South Korea will continue to promote a mid-size airplane project even if we have to invite a third partner other than China," the vice minister said.

The core in differences between Korea and China was that China wanted to set up a final assembly plant in Shanghai, and asked South Korea to have a 10 to 12 percent equity in a mid-size airplane project China was one-sidedly promoting with the European Union (EU) and Singapore.

In the Chinese version of the project, China is to have a 45 percent equity, EU 39 percent and Singapore 16 percent, respectively.

South Korea, on the other hand, insisted that the planes would be assembled in China and finished in South Korea, and urged China to respect the agreement that South Korea and China would take part in the project with a combined equity of 70 to 80 percent divided equally between the two countries.

Of the remaining equity, 20 percent or less was to go to a third partner and less than 10 percent to a fourth Asian partner.

The distribution of equities, featuring the same equity shares between South Korea and China, was formally agreed on at the 1st South Korea-China airplane sub-committee meeting held in Beijing in October 1994.

At the meeting the two countries duly agreed on the principles of equal reciprocity, joint investment, joint risk shouldering and joint market exploration.

Chu said China is to be wholly blamed for the breakup of the talks since China, in violation of the principle of agreement made between the two governments, one-sidedly promoted the project by, for instance, selecting third and fourth partners by itself.

The Korea-China airplane project, agreed on between the heads of state of the two countries, was designed to test-produce 100-seat twin-engine jet airliners by 1998 in a joint venture among South Korea, China and third partners.

ROK: Kong, Japan's Ikeda To Hold Talks on 'Sensitive' Bilateral Issues

*SK1406041496 Seoul THE KOREA HERALD
in English 14 Jun 96 p 2*

[FBIS Transcribed Text] South Korean and Japanese foreign ministers plan to hold separate talks when their leaders meet on Cheju Island next weekend.

Foreign Minister Kong No-myong and his Japanese counterpart Yukihiko Ikeda are expected to take up sensitive bilateral issues likely to be excluded from the

agenda for the summit between President Kim Yong-sam and Japanese Premier Ryutaro Hashimoto.

"No final decision has been made on the foreign ministers' meeting yet, but it's usual for them to meet separately during the summit of the two countries' leaders," a South Korean Foreign Ministry official said yesterday.

He said Kong and Ikeda will probably hold talks when Kim and Hashimoto meet over breakfast before their formal summit June 23.

Kong and Ikeda last met in Johannesburg, South Africa, in April during a meeting of the U.N. Conference on Trade and Development when bitter competition to host the 2002 World Cup was invoking the historical rivalry between South Korea and Japan.

During their talks, Kong and Ikeda are expected to address more practical and sensitive issues between their countries, which their leaders evidently desire to avoid.

Both Kim and Hashimoto apparently want to make the upcoming summit an occasion to demonstrate their commitment to a higher level of cooperation between the two countries, taking advantage of the euphoric mood over the co-hosting of the 2002 World Cup.

President Kim, who has reportedly expressed a strong wish for Hashimoto's visit, will have few reasons to raise thorny issues with the Japanese leader.

Hashimoto may attach additional meaning to his first visit to South Korea as prime minister as an opportunity to display Japan's close relations with its neighbor before he attends the Group of Seven summit to be held in Lyon, France, June 27.

In addition to cooperation on the World Cup co-hosting and the Group of Seven summit, the two leaders are expected to reaffirm their joint stance on North Korea.

Kim and Hashimoto, however, are certain to avoid addressing the issue of overlapped sovereignty claims to the Tokto islets in the East Sea separating the Korean Peninsula and Japan, a Foreign Ministry official said.

The foreign ministers are also unlikely to go so far as to reopen the Tokto issue, which threatened to abort the Kim-Hashimoto summit in Bangkok in March on the sidelines of the first Asia-Europe Meeting.

But they seem to be aiming to deal with details on the establishment of exclusive economic zones (EEZ) and the amendment of a bilateral fisheries agreement.

The ministers are also expected to tune their position on aid to North Korea in preparation for trilateral talks involving the United States scheduled for later this year in Japan.

ROK: Foreign Ministry Officials Prepare for Kim-Hashimoto Summit

SK1506021496 Seoul YONHAP in English
0125 GMT 15 Jun 96

[FBIS Transcribed Text] Seoul, June 15 (YONHAP) — Kim Ha-chung, director general of the Foreign Ministry's Asia and Pacific Affairs Bureau, will meet with his Japanese counterpart, Ryojo Kato, Sunday [16 June] to prepare for the June 23 summit between President Kim Yong-sam and Japanese Prime Minister Ryutaro Hashimoto, Foreign Ministry Spokesman So Tae-won said.

Scheduled to arrive in Seoul late Saturday, Kato will meet with Kim Ha-chung to discuss the agenda of the Kim-Hashimoto summit and the Japanese prime minister's schedule on Cheju Island, the venue for the meeting.

Hashimoto will fly into Cheju on June 22.

ROK: Working-Level Group To Set Agenda for Kim-Hashimoto Summit

SK1806081096 Seoul YONHAP in English
0801 GMT 18 Jun 96

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — Working-level officials from South Korea and Japan will meet Wednesday [19 June] in Tokyo to set the agenda for the summit between President Kim Yong-sam and Japanese Prime Minister Ryutaro Hashimoto scheduled for Sunday, a Foreign Ministry official said Tuesday.

Director General Kim Ha-chung of the ministry's Asia Pacific Affairs Bureau will fly to Tokyo late Tuesday to meet with his Japanese counterpart Ryojo Kato Wednesday, the official said.

The two director generals met in Seoul over the weekend to itemize the topics to be discussed by the leaders of the two countries at the Cheju summit meeting.

President Kim Yong-sam invited Hashimoto to Seoul when he called the Japanese prime minister May 31, just after the International Football Federation (FIFA) announced that the 2002 World Cup would be co-hosted by South Korea and Japan.

Cooperation between the two countries as co-hosts of the World Cup finals is therefore expected to be a primary issue at Sunday's meeting.

Hashimoto, however, has expressed on several occasions, a willingness to discuss the comfort women issue, which refers to women who were forced to serve as prostitutes for Japanese soldiers during World War II.

raising concerns in South Korea about the real intention of the Japanese premier.

President Kim does not want to make an issue of such a sensitive topic or other touchy subjects like Japan's claim to South Korea's easternmost Tokto Islets, according to officials.

Reports have indicated that Hashimoto wants to clear the issue of the comfort women by urging South Korea to accept the idea of a civilian fund offering consolation money to the victims of forced prostitution.

South Korea's position is to support the United Nations report on comfort women which urged the Japanese Government to take legal responsibility for the forced prostitution, apologize and pay "government-level" compensation to the victims.

The director generals will also discuss whether foreign ministers from the two countries will have a meeting separate from the Kim-Hashimoto summit in Cheju Island, according to the officials.

ROK: Kim-Hashimoto Cheju Talks To Avoid 'Thorny' Issues

SK1806035396 Seoul THE KOREA HERALD
in English 18 Jun 96 p 2

[FBIS Transcribed Text] The comfort women issue may cause a dent in the avowed commitment of President Kim Yong-sam and Japanese Prime Minister Ryutaro Hashimoto to forge a stronger partnership between their countries when they meet this weekend.

Officials in Seoul said the two leaders would circumvent thorny bilateral issues during their summit on Cheju Island Sunday, which both of them want to make an occasion to demonstrate cooperative ties between the two countries.

South Korean officials already indicated that Kim would focus his discussion with Hashimoto on cooperation for the joint staging of the 2002 World Cup and avoid raising a territorial dispute over the Tokto islets.

Hashimoto also said last Friday [14 June] he would not take up the issue of overlapped sovereignty claims to the islets.

But the Japanese leader made clear his intention of raising the issue of sexual slavery forced on Korean women for Japanese soldiers during World War II when he meets with Kim.

He was quoted as telling a Japanese labor leader that he should discuss the issue with Kim in one way or another.

Hashimoto is expected to seek Seoul's understanding of Tokyo's plan to settle the issue by making compensations to victims from private funds and sending a letter of apology in his name.

But it would be difficult for Kim to endorse such an attitude without any reservation, observers here said.

"Our position is that the will of the victims should be fully reflected in resolving the issue," a South Korean Foreign Ministry official said yesterday.

South Korean women forced to sexually serve the Japanese soldiers have demanded the Japanese government admit legal responsibility and compensate their sufferings.

A former South Korean comfort woman said she would rather take 10,000 won from the Japanese government than 10 million won from the private fund.

They felt their wounds were reopened again by recent remarks by a Japanese lawmaker of the ruling Liberal Democratic Party (LDP) that comfort women were merely recruited as a "commercial activity" and were not forced.

It is yet to be seen how far Kim will go in tackling the comfort women issue with Hashimoto. Observers here say Kim is unlikely to demand the Japanese government to make compensation to the comfort women but may indicate its legal responsibility for the wartime sexual slavery at least in an indirect manner.

Chief officials on Asian affairs at the South Korean and Japanese Foreign Ministries met in Seoul last weekend to prepare the agenda for the Kim-Hashimoto talks. They didn't give details on their discussions, which certainly addressed how to gloss over the differences on the method of resolving the comfort women issue.

President Kim made it clear in 1993 that Seoul would not request any material compensation with regard to the comfort women issue from Tokyo. But the South Korean government has stood for the activities of nongovernmental organizations and women's groups for drawing state compensations from the Japanese government, including filing lawsuits in Japanese courts.

Such activities were given a boost by a report adopted by the UN Commission on Human Rights last April despite opposition from Japan. The report drawn up by Radhika Coomaraswamy, a UN special rapporteur on violence against women urged the Japanese government pay compensation to individual victims and punish those involved in enforcing the wartime sexual slavery.

It held the Japanese government legally responsible for the wartime sexual slavery, rebuffing Tokyo's claim that

it is under no legal compulsion toward the victims but only a moral obligation.

During his meeting with Hashimoto, Kim may refer to the report, which Tokyo rebuffed as unacceptable immediately after it was adopted.

ROK Ministry Announces Agreement on Silk Exports Quota With Japan

SK1406090496 Seoul YONHAP in English
0600 GMT 14 Jun 96

[FBIS Transcribed Text] Seoul, June 14 (YONHAP) — South Korea and Japan agreed Friday [14 June] to set Seoul's quota for silk and silk product exports to Japan at 9,150 pyo (one pyo equals 60 kilograms) and 6 million square meters, respectively, until next March, Foreign Ministry spokesman So Tae-won said.

The export quota represents a 7 percent increase for silk and 0.84 percent rise for silk products from the previous year.

The value of silk and silk product exports will reach 100 million dollars.

It is the first time that the Japanese have allowed an increase in South Korean-made silk product exports to Japan since 1976 when it first imposed a quota on South Korean silk and silk products to protect its domestic silk industry.

ROK, Singapore To Cooperate on Mekong Investment

SK1406023296 Seoul THE KOREA TIMES in English
14 Jun 96 p 8

[FBIS Transcribed Text] The private sectors of Korea and Singapore have agreed to form a committee for investing in the Greater Mekong Subregion, the Federation of Korean Industries [FKI] said Wednesday [12 June].

The decision was made in a meeting of representatives of Korean and Singaporean businessmen in the South-east Asian country.

A Korean delegation is in Singapore as the final leg of a tour in the Mekong region.

According to FKI officials, the first meeting of the new committee will take place in Seoul in October, during which a detailed agenda, along with the formation of the membership, will be finalized.

The Greater Mekong Subregion project calls for the investment of nearly \$40 billion in more than 100 projects for developing six countries in the region, including Vietnam, Laos, Cambodia and parts of China.

Cooperative relations between Korea and Singapore were emphasized by Singaporean Prime Minister Goh Chok-tong during the Asia-Europe Meeting early last March, and Korean President Kim Yong-sam has been acting as a catalyst.

The FKI officials said Vietnam and Myanmar are seen as the two most prospective destinations for Korean investment, and initial projects are expected to begin there.

They said the main areas of investment will be telecommunications hydropower generation, SOC [State of Cambodia] projects and tourism. It will focus on the attention of companies already active in the region.

ROK, Russia Initial Mutual Legal Assistance Treaty

SK1406053496 Seoul YONHAP in English
0447 GMT 14 Jun 96

[FBIS Transcribed Text] Seoul, June 14 (YONHAP) — South Korea and Russia initiated a mutual legal assistance treaty Thursday [13 June] to enhance cooperation in dealing with drug and arms trafficking and other criminal activities, Foreign Ministry spokesman So Tae-won said.

Director Pak Hui-kwon of the ministry's Treaties Bureau signed the mutual legal assistance treaty in criminal matters with his Russian counterpart A. Radionov, deputy director general of the Russian Justice Ministry in charge of international law.

The treaty was initialed at the end of an extensive four-day round of talks in Moscow in preparation for cracking down on arms and narcotics smuggling.

The treaty stipulates that the two sides will cooperate in providing documents, material evidence and temporary transfer of criminal suspects.

It also allows, however, both sides to refuse to meet the demands of the other side to cooperate on criminal matters if suspects are involved in crimes concerning military or security issues.

The treaty does not cover suspects whose activities are crimes in only one country.

South Korea has signed extradition agreements with 10 countries including Australia, Canada, Spain, the Philippines, Chile, Argentina, Brazil, Paraguay, Mexico and Thailand and maintains mutual legal assistance treaties with Australia, Canada, the United States and France.

ROK: Australian Foreign Minister To Arrive on Visit 30 Jun

*SK1806071496 Seoul YONHAP in English
0524 GMT 18 Jun 96*

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — Australian Foreign Minister Alexander Downer will arrive in Seoul on June 30 to discuss ways of enhancing bilateral economic and political relations, Foreign Ministry spokesman So Tae-won said Tuesday [18 June].

Downer will meet with his Korean counterpart, Kong No-myong, on security issues in Asia and the Pacific and ways to enhance cooperation in the World Trade Organization (WTO) and other international forums, So said.

Downer will be the first Australian foreign minister to visit South Korea since incumbent Prime Minister John Howard took power from his predecessor, Paul Keating, last March.

Australia has promised about 1.6 million U.S. dollars in assistance towards the Korean Peninsula Energy Development Organization (KEDO) this year. Canberra has been monitoring the nuclear issue and the economic plight of North Korea with great interest, regarding both matters as the most serious destabilizing factor in Northeast Asia.

South Korea imported 4.8 billion dollars worth of coal, iron ore, zinc, wool, sugar, wheat and beef from Australia last year, the second biggest amount after Japan.

Australia normalized relations with South Korea in 1961 and with North Korea in 1974. Pyongyang, however, broke off such ties in 1975 when Canberra failed to support North Korea in the United Nations on a variety of issues.

ROK: Construction, Transportation Agreement Signed With France

*SK1506042496 Seoul THE KOREA HERALD
in English 15 Jun 96 p 8*

[FBIS Transcribed Text] Korea and France yesterday signed an agreement to promote cooperation between the two countries in the fields of construction and transportation.

The agreement, among others, calls for the construction companies of the two countries to form partnerships and advance into third countries jointly.

The agreements were initialed by Yu Sang-yol, Korean vice minister of construction and transportation and Bernard Pons, French minister of capital works, housing, transport and tourism in Seoul yesterday.

Under the agreement, the two countries will also seek ways to collaborate in the areas of transportation and aviation.

Minister Pons arrived in Seoul Thursday [13 June] for a three-day visit accompanied by six French business leaders.

Among them are Andre Thineres, director of GEC Alsthom Transport, the main contractor of the \$2.1 billion high-speed train project linking Seoul and Pusan, and Claude Terrazzoni, director general of Aerospatiale, the second largest aerospace firm in Europe.

According to a Korean ministry official, France is showing keen interests in such huge projects as the Incheon International Airport being built on Yongjong Island, off Korea's west coast, and in the mid-size airplane development project which Korea is jointly pursuing with China.

ROK To Promote 'Open Regionalism' at WTO Meeting

*SK1506072696 Seoul YONHAP in English
0234 GMT 15 Jun 96*

[FBIS Transcribed Text] Seoul, June 15 (YONHAP) — South Korea will pursue the adoption of a policy statement saying that regional economic blocs should not run counter to the World Trade Organization (WTO) during the WTO ministerial meeting this December in Singapore, a Foreign Ministry official said Saturday.

The country will raise the issue of growing regionalism at the meeting and propose to launch a working program to make regional economic blocs compatible with the WTO system, which pursues a wider opening of the world market, he said.

South Korea's ambassador to the United Nations office in Geneva, Son Chon-yong, the official noted, at a recent unofficial meeting of ambassadors in Geneva, proposed that open regionalism be discussed at the Singapore talks, with the majority of deputies supporting the idea.

Seoul will have to take the initiative in pursuing open regionalism in that the country does not belong to any regional economic blocs, he added.

ROK: Kim Tae-chung Addresses Democratization in Asia, ROK

*SK1506021396 Seoul YONHAP in English
0154 GMT 15 Jun 96*

[FBIS Transcribed Text] Seoul, June 15 (YONHAP) — Major opposition leader Kim Tae-chung asserted Saturday [15 June] that though political power has been transferred from a military regime to a civilian

administration, democratization has not materialized in the daily lives of South Koreans.

The number of "prisoners of conscience" has steadily been rising since the birth of the civilian-led administration and freedom of press remains restricted to some extent, the president of the National Congress for New Politics noted.

"Today our politics is going through the trauma of confrontation and friction due mainly to election irregularities in the April 11 general elections and an artificial change in the elections' results," he claimed.

Kim was speaking at a seminar sponsored by the Asia-Pacific Democratic Leaders Conference held at the Swiss Grand Hotel in northwestern Seoul.

Democratization in Asia and the Pacific still has a long way to go, he pointed out, but without it, stability in the Asia-Pacific region cannot develop in the long run.

The conference will extend support to pro-democracy forces and engage in other activities pushing for democratization in Asian countries, Kim promised.

The seminar "South Korean Society and Human Rights as Seen by Foreigners" was attended by a group of foreign panelists including Prof. Horace Underwood of Yonsei University; David Steinberg, Korea representative of the Asia Foundation; and Kim Nin, a representative from the Coalition of Women for World Peace.

ROK May Allow More Foreign Workers for National Projects

SK1706083396 Seoul YONHAP in English
0742 GMT 17 Jun 96

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — The government may allow more foreign workers into the country to relieve the manpower shortages that might develop during large national construction projects such as Incheon International Airport.

A high-ranking government official said over the weekend that the five large national construction projects that are designed to make South Korea a distribution center in Northeast Asia in the 21st century may be in danger of being delayed because of manpower shortages. The projects include the Seoul-Pusan high-speed railroad, harbour expansion projects at Kadok Island off Pusan, Asan and Kwangyang Bay, as well as the airport off Incheon.

He said officials involved with these projects have been discussing the issue, although the additional foreign workers to be brought into the country will only be recruited for large national projects.

The Incheon Airport is in a good position to employ foreign workers because it is located on an island, and isolated, and therefore, the foreign workers may find it difficult to escape. Not a few foreign workers have deserted their work places to find jobs in "less difficult" businesses such as service industry.

In the meantime, Deputy Prime Minister Na Ung-pae, who also is finance and economy minister, on his visits to a number of industrial parks around Seoul last week, said the government may allow more foreign industrial trainees into the country.

The Incheon Airport has hired about 1,000 workers for work related to building foundations for the airport.

But the project is expected to require approximately 4,500 unskilled workers by the end of this year, and the number is likely to increase to 15,000 next year when the massive project is in full swing, and to 17,000 in 1998, and 16,000 in 1999.

ROK Ministry To Allow 29% Foreign Stock Ownership by 1999

SK1806021296 Seoul THE KOREA TIMES in English
18 Jun 96 p 1

[FBIS Transcribed Text] The government plans to increase the aggregate foreign stock ownership ceiling from the current 18 percent to 29 percent in 1999 by hiking the limit 3 percentage points each year.

Assistant Finance-Economy Minister Kim Yong-sop said yesterday that the government also plans to permit foreign banks and securities companies to open wholly-owned subsidiaries in December, 1998.

He said the two liberalization moves will symbolize the completion of Korea's financial market-opening and also give an impetus to the nation's joining the Organization for Economic Cooperation and Development.

Under the plan, the maximum amount of stakes in which foreigners will be able to invest on the Korea Stock Exchange will rise to 20 percent sometime this year, 23 percent next year, 26 percent in 1998 and 29 percent in 1999. Seoul officials say Korea will review the possibility of completely scrapping the ceiling in the year 2000.

The government said from December, 1998, eligible foreign financial firms will be free to do business in Korea, in whatever form they wish — whether branch, joint venture or subsidiary. So far the government has refused to give in to repeated foreign pressure to permit foreign banks and securities firms to open 100 percent-owned subsidiaries. Seoul has already unveiled plans

to allow other foreign financial firms, including fund management firms, to open subsidiaries here.

Government officials did not mention when and to what extent the bond market will be opened to foreign investment.

ROK: MOTIE: Seoul Too Reliant on Mideast; To Diversify Oil Imports

*SK1506020696 Seoul YONHAP in English
0119 GMT 15 Jun 96*

[FBIS Transcribed Text] Seoul, June 15 (YONHAP) — The Ministry of Trade, Industry and Energy (MOTIE) announced Friday [14 June] that it will expand funds to diversify oil import sources from this year's 9.3 billion won to 16 billion won (20.1 million U.S. dollars) next year.

The decision has been made in preparation for possible regional conflicts that could seriously threaten domestic oil demand and supply, MOTIE noted, adding that the nation is expected to import a whopping 80 percent of its oil from the Middle East this year.

"Oil companies are passive in diversifying their import sources as Middle Eastern nations have maintained stability in politics and society in recent years," a ministry official pointed out. "But, there could be a great upheaval in the domestic oil market if an unexpected situation occurs in the region."

South Korea imported 77.8 percent of the total from the Middle East last year, 13.1 percent from Southeast Asia and 3-4 percent from other regions such as Africa, South America and the United States.

The ministry also plans to provide half of the 33 billion won worth of crude oil from the import source-diversifying fund, which is scheduled to be introduced from regions other than the Middle East this year by five domestic refineries.

ROK: Foreign Investment Rises Due to Better Business Climate

*SK1406015096 Seoul YONHAP in English
0134 GMT 14 Jun 96*

—Semiofficial News Agency of the ROK

[FBIS Transcribed Text] Seoul, June 14 (YONHAP) — Foreign investment in South Korea has increased dramatically since the proportion of business lines opened for foreign investment in the total was increased to 95.1 percent earlier in the year.

The first five months of the year saw foreigners bring a total of 961 million U.S. dollars, or up 26.4 percent from a year earlier, for investment in 392 projects, according

to statistics compiled by the Finance and Economy Ministry Friday [14 June].

A ministry official attributed the increase to a steadily improving foreign investment climate. The government okayed foreign access to more business lines, including power generation, earlier this year, he noted.

By industry, the manufacturing sector claimed the lion's share with 507 million dollars (151 projects), up 47.8 percent from the same period last year, and the non-manufacturing sector saw an 8.9-percent increase in amount.

By origin, the European Union (EU) posted 359 million dollars, a 97.3 percent increase from the same period last year; the United States, 307 million dollars, up 33.5 percent; and Japan, 113 million dollars, down 50.9 percent.

The sharp increase in EU's role may be accepted as a result of the urge to reciprocate a general increase in South Korean investment in Europe — East Europe in particular, the official speculated.

The decrease in Japanese investment is probably a result of their heavy investment in hotel construction and other projects last year, and poor economic conditions in Japan this year, according to the official.

Foreign investments totaled 1.39 billion dollars in amount in 1991, dipped to 890 million dollars in 1992, and bounced back to 1.04 billion dollars in 1993, 1.31 billion dollars in 1994 and 1.94 billion dollars in 1995.

ROK: Democratic Party Announces New Key Officials

*SK1406115896 Seoul YONHAP in English
1133 GMT 14 Jun 96*

[FBIS Transcribed Text] Seoul, June 14 (YONHAP) — The splinter opposition Democratic Party (DP) Friday [14 June] made public the list of new key party officials appointed by party head Yi Ki-taek.

The party said Yi Chong-chae, Chang Ul-pyong and Kim Won-ki were named as permanent advisors, while five people were appointed as party vice presidents. The five were Yi Pu-yong, Ha Kyong-kun, Kang Chang-song, Chang Kyong-u and Kim Chong-kil.

Choe Chong-ku was named as floor leader, Yi Kyu-chong as policy committee chairman and Kim Hong-sin as party spokesman.

But, some of the new appointees were refusing to accept the party posts, a DP source said.

The reluctant appointees included Kim Won-ki and Chang Ul-pyong named as party advisors; Yi Pu-yong

as vice president: Choe Chong-ku as floor leader: And Kim Hong-sin as spokesman, the source said.

ROK: 'Local Government Still Weak' as Seoul Maintains Power

SK1606041396 Seoul THE KOREA HERALD
in English 16 Jun 96 p 2

[Article by staff reporter David Cho: "Local Gov't Still Weak One Year After Elections: Prof Cho Says Ruling Camp Refuses To Give Power to Local Governments"]

[FBIS Transcribed Text] Since the Republic of Korea was founded, Korean legislators have had to carry two burdens: one for the nation and one for their local constituency.

Any issue, as small as removing bumps from a street in Taegu and as broad as fostering democracy through clean elections, fell on the shoulders of the central government and its legislative arm of lawmakers.

Part of that burden was supposed to be eased in June of last year when the nation, for the first time in its history, elected local government heads.

Ideally, some responsibilities, such as easing traffic congestion or collecting garbage, should have shifted over to local governments, freeing lawmakers to concentrate on their national duties.

But one year after those elections, a professor of political science evaluated that shift of power to local governments never happened and may not occur for some time to come.

His name is Prof. Cho Chang-hyon and he is the dean of the Graduate School of Local Autonomy, an entire division of Hanyang University devoted to the study and pursuit of decentralizing power to local governments.

The issue is so important to him that he has spent the last 15 years fighting for the same cause.

Prof. Cho and others who support him are not just concerned about whether it will be the central or a local government which will collect the nation's garbage or take care of local traffic congestion. The real issue for them is whether it suits democracy to have every issue, national or local, controlled by a few powerful figures in the central government.

"Local autonomy means democratization," Prof. Cho said with a determined tone in his voice. "Ordinary people have the legitimate, constitutional right to participate in determining their quality of life, whether it relates to the environment, traffic congestion or the taxes they pay."

And the best way, he continued, that citizens can truly influence or voice their opinions on these issues is not just through voting, but also through involvement and direct discussion with their local government.

But right now, the ruling camp "is very unwilling to give up power to the local governments... because having control over an issue means power, and power means prestige and all the perks that come with it. That is why the transfer of power is slow and maybe not forthcoming [as published] at all," he said.

In reality, the central government has retained control over nearly all local issues; a local government cannot revise its own local statutes or even appoint its own staff without first going through the bureaucracy of the central government.

For instance, local governments can authorize the collection of garbage, but where to dump and dispose of it is determined by the central government.

This intertwinement of local and national laws and the local governments' lack of power have apparently caused some confusion over who concerned citizens can go to for help if a local problem crops up. Most people right now are still soliciting National Assembly lawmakers to address local issues.

That is why so many successful National Assembly candidates spent more time addressing local issues than national ones when they were campaigning for election last April.

Take Choe Pyong-yol, the former Seoul mayor, for example, who ran and won on the ruling party's ticket.

A few weeks before the elections, he told THE KOREA HERALD that there were no issues that really interested people besides local ones like traffic congestion or construction problems.

"During my campaign tours, people mostly just have minor complaints," he said back then. "For example, just the other day, a shopkeeper complained to me, 'there's a big speed bump in front of my shop and it makes bad noises.' So he asked me to remove it if I get elected."

He promised to do it, but later admitted, "Actually, these kinds of problems are in the hands of the traffic police, the Seoul mayor and the Ministry of Construction and Transportation."

Another candidate, Yi Sin-haeng, who also won his election on the ruling party's ticket said he only dealt with local issues during his campaign. He told voters that, if elected, he would keep his job as the president of Kisan Construction Corp. and use that position to revitalize two major markets in his district.

His opponent, Kim Pyong-ho, who was the incumbent lawmaker from the main opposition party, "just talked about how Kim Yong-sam should disclose his 1992 presidential funds, it was really unconvincing to the voters," Yi said.

On the other side of the fence, main opposition vice-president Chong Tae-chol, who lost his election in one of the biggest upsets of the April elections, said he was defeated primarily because he concentrated on national issues.

Upon hearing what Choe and Yi promised during their campaigns, Chong shook his head.

"Local issues have become more important than national ones, but they are not directly related to what we do in the National Assembly. I think the impact of last year's local elections was that voters became confused between what congressmen do and what local councilmen do," he said.

If Prof. Cho's [as published] had his way, many lawmakers would be left in an ironic situation — Prof. Cho believes the best way lawmakers can fulfill their promises to address the problems of their local districts is by not addressing them at all.

"It is incumbent on the National Assemblyman to find out which laws make it impossible for local governments to solve their own problems. Then they need to change those laws and free local governments to work (in the way they should)," he said.

Unfortunately, he explained, since the ruling camp, which has shown no desire to relinquish any of its power, drafts nearly all legislative bills and controls the legislature itself, the prospects for local governments to have more power and autonomy in the near future are dim.

"I think the scope of local governments will be expanded eventually," Prof. Cho said. "But right now the Korean Government is an almighty centralized authority that thinks it can do anything and have influence over any issue, anywhere."

ROK: ULD Official Views Opposition's Alternatives
SK1706142496 Seoul SISA JOURNAL in Korean
6 Jun 96 pp 38-39

[Interview with Pak Chol-on, vice president of the United Liberal Democrats, by reporter Mun Chong-u at the former's office in Seoul on 25 May: "JP Plus DJ, the Best Alternative for the 21st Century" — first paragraph is reporter's note]

[FBIS Translated Text] Pak Chol-on, vice president of the United Liberal Democrats (ULD), is one of the most

noted figures in political circles at present. After he had left for the United States, first proposing the cabinet system and the great integration of the opposition, the discussion of the strategy for the country's next presidency suddenly became active within the opposition. The discussion takes up such subjects as the grand merger of the opposition, a dual government, the election of a third candidate, and the elimination of the two Kims. In this whirlwind of assertions, Kim Tae-chung ["DJ" refers to the alternative romanization of his name as Kim Dae-chung], president of the National Congress for New Politics [NCNP], and Kim Chong-pil ["JP" refers to the alternative romanization of his name as Kim Jong-pil], president of the ULD, took to the street, hand in hand. Will Vice President Pak Chol-on, who served as the glue in the three party merger in 1989, be able to play the role of strategist uniting the opposition? I interviewed Vice President Pak at his private office on 25 May upon his return home after joining the opposition's street demonstration for a joint alliance.

[Mun Chong-u] Do you think a revision of the Constitution to introduce a cabinet system will be possible before President Kim completes his term of office?

[Pak Chol-on] I do not preclude the possibility. The result of the recent general elections makes it very difficult, but the situation could change by the spring of next year, and we should bring forth that change.

[Mun] What do you mean by change?

[Pak] The general idea as to who will be the successor to President Kim Yong-sam will be revealed in the early part of next year. As you know, eight or nine prospective candidates for the presidential race are now keenly competing in the ruling camp. In addition, figures of different political inclinations, ranging from radicals to conservatives, are cohabiting. These factors may cause considerable conflict and change when the successor to the presidency surfaces. This will also be the case with the opposition. At present, the ULD supports the cabinet system, and the NCNP supports the presidential system. However, under the present presidential system, none of the parties is confident of coming to power. Unless you are satisfied with a limited role by playing the role of groomsman, you should be united in a grand compromise in some form to achieve a horizontal transfer of power.

[Mun] When watching changes taking place in the ruling camp, do you think it is more realistic to say that, even though the opposition creates such an atmosphere, it will be difficult to revise the Constitution to introduce a cabinet system before President Kim completes his term of office?

[Pak] Of course. It will be difficult. The opposition should promise it will revise the Constitution to introduce the cabinet system and unite together to achieve victory in the presidential elections. After that, we should sufficiently apply elements of the cabinet system included in the current Constitution before revising the Constitution to operate our state of affairs. The current Constitution entrusts the prime minister with the right to make recommendations regarding Cabinet appointments. This is a Cabinet council system that does not exist in the traditional presidential system. This system allows the cabinet to exercise a considerable influence. The prime minister can independently operate a considerable part of state affairs and personnel administration. If we obtain an understanding from the president, it is possible to operate a constitutional government in the form of a quasi-cabinet system in which the president and prime minister operate the state of affairs together.

[Mun] You are talking about so-called role sharing between the president and prime minister, which is in reality a form of dual governing system. Recently, NCNP President Kim Tae-chung made a similar claim. Thus, I think there are rumors of a secret agreement and consensus between President Kim Tae-chung and you.

[Pak] Claims about role sharing are not new. I have consistently talked about this since 1987. It is not true that I am supporting someone's claim. Before departing for the United States, I visited Ilzan [the residence of Kim Tae-chung]. Wild rumors are being spread that there was some kind of secret agreement, but they are groundless. I did not meet DJ since having dinner with him in late October 1994. At that time, I had just left prison. President Kim and his wife had invited my wife and I to dinner and encouraged me by saying that I had overcome various difficulties.

[Mun] If what you set out to accomplish is to be successful, you must secretly meet with President Kim Tae-chung, is that not so?

[Pak] Of course, when the time comes I will meet many people, including President Kim Tae-chung, and will even play a trivial role. However, now is not the time. Rather than saying so and so by taking the initiative, I think it is my duty to create an atmosphere that can quietly support such work in the background.

[Mun] Your theory on role sharing is ultimately to have President Kim Tae-chung sit in the presidential seat because he has been showing interest in reunification and diplomacy, and to have President Kim Chong-pil sit in the prime ministerial seat. Is that not so?

[Pak] That is a hasty conclusion, because at this time we should talk about the harmony and unity of the

opposition. It is not time to talk about a specific person regarding a concrete position. President Kim Chong-pil not only served as prime minister for a long time earlier on, but also possesses great vision in the diplomatic and national defense sectors. We cannot say at this stage who is more appropriate for what position, and we should not draw a conclusion regarding this matter right now. There is talk that I am leaning toward Kim Tae-chung, and this it is putting my party in an awkward position. There are even rumors that I am aiming to run as the single candidate for the opposition. Do you think this is a possible reality? Such talk is being spread by the ruling camp, which is driven by the fear of unity amongst the opposition. There are also rumors that I am leaning on Presidents Kim Tae-chung and Kim Chong-pil to exercise their influence, and that their core aides, who enjoy such a situation, are creating dissension, driven by their fear of change. I believe this is a plausible analysis.

[Mun] Most of the prominent figures from TK [Taegu-Kyongsang Provinces area] are saying the upcoming presidential elections are in the hands of the eligible voters from the Taegu and North Kyongsang Provinces. Do you think TK's eligible voters will cast their votes with a unified opposition which includes President Kim Tae-chung?

[Pak] I am very much in agony over this matter. I believe it is dependent on how much of a united appearance the opposition shows. On the contrary, if President Kim Chong-pil is chosen as the single candidate for the presidency, we have to think about whether votes from the Honam region will be gathered. It is the same situation with both sides. There will be difficulties. There is also clearly the issue of sentiment. However, one of the pending questions we must urgently solve today is for the people to achieve great unity. Is this not so? In particular, the marrow of discord among the regions is too deep. If this is not solved, we will deserve to be criticized by our descendants, and we will have no qualifications at all to talk about reunification. I believe that after all this is solved, whoever becomes a presidential candidate and prime minister, and whoever is in charge of the party presidency, should cooperate with each other to bear the best fruit.

[Mun] Even though Presidents Kim Tae-chung and Kim Chong-pil unite their strength and achieve their goals, since their disposition and background are so different, do you think the state of affairs can be operated in a harmonious manner?

[Pak] If they both make compromise, I believe they can make the most ideal leadership system to prepare for the 21st century. The history of our country's constitutional

government can be assessed from various aspects. When viewing the democratic constitutional government, it is a fact that it is stained with various blots and scars. However, through this process, we escaped from the poverty of the 1950's and 1960's; achieved the country's modernization; strongly built our security while defending our system; and opened an omnidirectional and independent diplomatic era toward the whole world through our northern policy. With only four years left before the emergence of the 21st century, I believe that if President Kim Chong-pil, the symbol of the developing initiative force, and President Kim Tae-chung, the symbol of pure democratic force who struggled consistently for democracy without compromising, recognize each other's merits and the contributions they made for the country, and do not question the mistakes or achievements made during the past, then we can produce the best leadership system. Now is not the time to entrust the country's fate to a specific person.

[Mun] Do you think the two President Kims will judge it is more rapid for them to hold hands with President Kim Yong-sam if a cabinet system is to be carried out?

[Pak] From the level of making a major framework to formulate a parliamentary cabinet system, there are those within the ruling party who propose a cabinet system. If this is to be carried out with the opposition, there is no need to reject it. Now, the fixed idea they will be successful if they hold hands with the ruling party, and will fail if they hold hands with the opposition, must be thrown away. It is enough to rummage through the trash can of the past.

[Mun] In the past, three parties merged and agreed to carry out a cabinet system, but ended in failure. Even though the unity of opposition is achieved, do you think a similar incident will occur?

[Pak] There is sufficient possibility for such an incident. Thus, this time all work must be carried out fair and square, and must transparently reveal everything to the people.

ROK: Floor Leaders Meet, Fail To Reach Compromise

SK1406111496 Seoul YONHAP in English
1032 GMT 14 Jun 96

[FBIS Transcribed Text] Seoul, June 15 (YONHAP) — The floor leaders of the three major political parties met Friday but failed to reach any agreement to resolve the current political impasse.

The floor leaders could not narrow differences over the controversial issues of holding public hearings on election irregularities and ensuring political impartiality

on the part of the prosecution, police and public broadcasting networks.

The three officials who met were So Chong-won of the ruling New Korea Party, Pak Sang-chon of the National Congress for New Politics and Yi Chong-mu of the United Liberal Democrats.

Emerging from the two-hour talks, So said, "There was no accord because the opposition showed no change in their demand which we cannot accept."

He said the floor leaders would meet again Saturday to discuss an end to the protracted assembly paralysis.

ROK: Floor Leaders Continue To Try To Narrow Their Differences

SK1506113096 Seoul YONHAP in English
1105 GMT 15 Jun 96

[FBIS Transcribed Text] Seoul, June 15 (YONHAP) — The ruling and opposition parties held a second floor leaders' meeting Saturday [15 June] in as many days, but made little progress toward normalizing the legislature with differences of views on key issues of contention unnarrowed.

The three floor leaders are to meet again Monday afternoon following consultations with their respective party leadership.

Ruling New Korea Party [NKP] Floor Leader So Chong-won, his counterparts Pak Sang-chon and Yi Chong-u from the main opposition National Congress for New Politics and the second largest opposition United Liberal Democrats, respectively, met Saturday afternoon to discuss core issues of contention.

They included the opposition demands that a parliamentary public hearing be held on election frauds, that the neutrality of the prosecution and police be guaranteed, and that devices be established to guarantee fairness in broadcasting.

At the meeting, the NKP took a flexible attitude on some issues including a forward-looking revision of the political fund law, while the opposition put out some compromises, according to political sources. They failed, however, in eliminating a basic difference in perspectives with regard to the evaluation of the April general elections and how to operate the National Assembly.

But they reportedly came to a near accord on the opposition demand that the ruling camp apologize for its buildup of a congressional majority.

The ruling party, which won 139 seats of the 299-member National Assembly, put together a parliamentary majority last month by recruiting opposition and independent legislators.

Another opposition demand they were said to have reached a near compromise calls for apportioning the posts of 16 congressional standing committee chairmen in proportion to the number of house seats the parties won in the general elections.

Still another such demand is that the ruling party guarantee not to lure additional opposition and independent lawmakers into its fold.

Should no compromise be reached in the party negotiations before Tuesday when a plenary parliamentary session is due to reopen, the ruling party plans to elect its nominees as the National Assembly speaker and vice speaker, while the opposition is poised to block it by force.

Party negotiations to be resumed early next week are thus expected to be crucial to breaking the prolonged political standoff.

ROK: Opposition Urges NKP To Cooperate To Ensure Fair Elections

SK1806091096 Seoul YONHAP in English
0638 GMT 18 Jun 96

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — The opposition parties urged the ruling New Korea Party (NKP) Tuesday [18 June] to cooperate in working out a regime to guarantee the political neutrality of the prosecution and police and fair elections.

The main opposition National Congress for New Politics (NCNP), the conservative opposition United Liberal Democrats (ULD) and the minor opposition Democratic Party (DP) held a rally in the National Assemblymen's hall in Yoido, Seoul, to denounce the "rigged" April 11 general elections and publicize their "White Paper on Election Frauds."

Kim Tae-chung, NCNP president, said, "President Kim Yong-sam is only interested in destroying the opposition camp before next year's presidential election in spite of the fact that there are quite a few issues still pending, including inter-Korean, public life and diplomatic problems."

Rep. Kim Chong-pil, ULD president, said that the three opposition parties must stand together against the ruling party if the country is to remain free and democratic.

Yi Ki-taek, DP president, said that the opposition parties are working together to create a fair election device.

They have adopted a resolution urging prosecutors to discontinue their biased investigations and take a politically neutral stance and summon ruling party lawmakers suspected of violating election laws during the April 11 general election.

The resolution also urged the ruling NKP to apologize for disregarding the people's choice, by recruiting independent lawmakers into the ruling party to secure a parliamentary majority.

ROK: National Assembly To Recess Until 24 Jun

SK1806113296 Seoul YONHAP in English
1108 GMT 18 Jun 96

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — The National Assembly resumed a plenary session Tuesday afternoon but decided amid lingering partisan confrontation to recess the session until this weekend.

At the session held after a four-day cooling-off period, the ruling New Korea Party sought to select a speaker and vice speakers to inaugurate the new National Assembly, but in vain due to a physical resistance from the opposition.

The floor leaders of the ruling and opposition parties met after the clash on the floor and agreed to recess the session through the weekend.

The assembly session is set to resume at 2 PM next Monday [0500 GMT 24 June]. But, the legislative paralysis is feared to linger on unless the feuding parties strike a political compromise by then.

ROK: Chon's Defense Counsels Boycott Trial Session in Protest

SK1406034596 Seoul THE KOREA TIMES in English
14 Jun 96 p 1

[FBIS Transcribed Text] Former president No Tae-u and two of his co-defendants were questioned in the 13th session of the trial of those held responsible for the masterminding of the Dec. 12, 1979 military coup and May 18, 1980 bloody suppression of the Kwangju democratic movement yesterday.

However, the session was boycotted by defense counsels for 11 of the 16 accused of involvement in the two incidents in protest at the court's decision to schedule two sessions a week to speed up the trial.

Defense lawyers for No and four other co-defendants did not join the protest, but participated in the legal proceedings involving them.

Presiding judge Kim Yang-il of the Seoul District Court asked No's lawyer Han Yong-sok and other defense

lawyers present in the court to act as counsel for the defendants whose lawyers were absent in protest.

Han refused to accept the court request, saying that it went against his conscience as a lawyer since, obligated by his present assignment, he could not provide the best legal service to those the court had asked him to defend.

Yi Yang-u, defense counsel for former president Chon Tu-hwan, and lawyers for 10 other accused persons asked the court to reconsider its decision to hold two sessions a week.

In a request to the court signed by the lawyers of the 11 co-defendants, they said, "The records of the investigation are so enormous and the cases so complicated that it is impossible for us to cope with the two sessions a week the court has now scheduled."

Turning down the request, judge Kim said that he fully understood the defendants rights to counsel and respected their human rights but he could not accept their lawyers' assertion that they could not keep up with the new court schedule due to the enormous amount of investigation records and complexity of the cases.

During questioning, defendant No denied an intention to usurp power from March 1980 and repeated, "Don't know" or "Don't remember" to questions that were critical to proving his culpability in the process of leading the coup to usurp power.

ROK: Chon Tu-hwan Denies Involvement in Dispatching Troops

*SK1706123696 Seoul YONHAP in English
1134 GMT 17 Jun 96*

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — Former President Chon Tu-hwan asserted during a trial Monday [17 June] he had nothing to do with mobilizing troops into Kwangju to put down a popular uprising there in 1980.

"The troops dispatch was based exclusively on a decision made by the then Martial Law Command at the recommendation of Gen. Chin Chong-chae, commander of the 2nd Army," Chon said.

At the 14th session of the trial of Chon and five others involved in the case of the Kwangju incident held at the Seoul District Court, Chon said the suppression was personally commanded by Ma. Gen. Chong Ung, commander of the 31st Division stationed near Kwangju.

The ex-president said acts of bloody suppression after the military's invocation of the self-defense right, were all inadvertent cases based on judgment made by field commanders on their own.

The next 15th trial session is set for 10 AM on June 20, during which the court is to look into evidential items relating to the Dec. 12, 1979 coup and review the list of witnesses offered by both the prosecution and defense lawyers.

ROK: Ex-Legislator Given 3-Year Suspended Sentence for Bribery

*SK1406081896 Seoul YONHAP in English
0641 GMT 14 Jun 96*

[FBIS Transcribed Text] Suncheon, South Cholla Province, June 14 (YONHAP) — Former Rep. Sin Sun-pom (NCNP, Yosu-Yochon) was sentenced to three years in prison Friday [14 June] with a five-year stay of execution and fined 10 million won for graft charges.

Sin and four other public officials were indicted for accepting bribes from Hoyu Shipping Co. Ltd., the owner of the tanker Sea Prince that ran aground and spilled crude oil last July, in the process of settling the aftermath of the sea accident.

The Suncheon Branch of the Kwangju District Court sentenced Yochon County Commissioner Chong Kun-chin and former Yosu maritime police chief Kim Tok-su to two-and-a-half years in prison with a three-year stay of execution and a fine of 30 million won and 39 million won, respectively.

Former Yosu Mayor Cho Ki-hong and former Yosu Maritime and Port Administration Chief Pak Uk-chong were deprived of their civil rights for one year and fined 6 million won and 7 million won, respectively.

Former Hoyu Shipping Co. President Chong Hae-chol and Vice President Pak Kap-yong, who delivered the bribes, were sentenced to a-year-and-a-half in prison with a two-year stay of execution and one year in prison and a two-year stay of execution, respectively.

ROK: Opposition Parties Urge Investigation of NKP Lawmaker

*SK1706090896 Seoul YONHAP in English
0649 GMT 17 Jun 96*

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — Three opposition parties issued a joint statement Monday [17 June], urging the government to investigate allegations of campaign corruption against NKP [New Korea Party] lawmaker Hong Chun-pyo.

Spokesmen for the opposition parties said in their joint statement, "The government and the NKP must not disregard the campaign corruption of the April 11 general elections. The prosecution must immediately

and severely punish Rep. Hong in accordance with the law."

The vernacular daily HANGYORE SINMUN reported in its Monday edition that Rep. Hong, former prosecutor, allegedly violated election laws while campaigning in the April 11 elections. The paper carried transcripts of taped remarks of some campaign aides to Hong which indicated at the possibility of Hong's massive use of money.

The joint statement was the first of its kind ever issued by the three opposition parties in connection with pending political issues.

They argued that the new finding has brought to light the fact that the prosecution-police investigation of election frauds has been biased against oppositionists or independents. "It has become clear that, unless the law-enforcing offices' meddling in elections is eradicated, we will have to go a long way to see their political neutrality."

ROK: Audit Board Says Firms Spent \$2 Billion on Bribes in 1994

SK1706031296 Seoul THE KOREA TIMES in English
17 Jun 96 p 8

[FBIS Transcribed Text] Korean companies spent a total of 1.8 trillion won on under-the-table money in 1994.

According to a report by the Board of Audit and Inspection (BAI), construction companies were by far the most prominent in making under-the-table payments as they spent up to 1.6 percent of their total turnover on shady deals.

BAI statistics showed that in 1994, construction firms spent 429 billion won on under-the-table payments, testifying to their notoriety for making clandestine business deals.

All in all, business companies spent 1,787 billion won on such a practice, showing that making payoffs is still rampant among Korean business circles.

Hot on the heels of construction companies were manufacturing firms which spent 1.1 percent or 765 billion won of their total turnover on clandestine deals.

According to a survey conducted by the BAI, a majority of the money was spent in adjusting prices of business projects as well as entertaining clients.

"While the practice of bribing government officials is seen to have been largely contained, under-the-table money widely circulates for large business projects," one BAI official said.

ROK Editorial Views Issue of Police, Prosecutor Independence

SK1806021596 (Internet) The Digital Chosun Ilbo
WWW in English 1146 GMT 17 Jun 96

[Editorial: "Police And Prosecution Independence"]

[FBIS Transcribed Text] The question of separation of powers of and activities carried out by the police and prosecutors vis-a-vis the government in this country has been the subject of raging debate ever since President Rhee's First Republic was formed. It is an essential tenet of democratic society that police and prosecutors be able to carry out their public roles independently and neutrally. It seems however that again government intervention has flared up.

It is particularly regrettable that the matter of fettering of independence of enforcement authorities has come to present a stumbling block to the progress of negotiations between the ruling and opposition parties in the wake of the opening of the National Assembly. There have been several attempts in the past to ensure that the prosecutors and police are assured the right to function independently however it appears that these efforts have come to naught. In fact we cannot be even sure that the sentiment that goes with the nicknames "instrument of power" and "maid of the political regime" given to the police and prosecutors has left us yet.

Some say that since the local autonomous system of government was introduced the government has been attempting to strengthen its ruling power through the exertion of control over the police and prosecutors as a substitute for its previous influence over the administration which has since been ameliorated. In fact there is even a suggestion in this regard that some of the local autonomous government chiefs attached to the opposition parties have been wary to carry out their political functions and actively encourage and support their candidates for fear of overly strenuous supervision and interference by police and prosecutor authorities.

The government may blankly deny such allegations of improper influence however it is clear that a number of incidents of criminality concerned with ruling party members have, despite the presence of very tangible proof, either been cursorily investigated as a formality alone or simply ignored. Furthermore, the fact that slush funds had been accumulated by former President Chun in association with a certain ruling party candidate, though discovered by police in January, was not made public until after the April 11 General elections were over.

The ruling party may well have its own reasons for declining to accede to the very symbolic request by the

opposition parties that all parties collaborate together to pass revisionist laws the purpose of which is to bring about real neutrality of function of the country's police and prosecutors. However the government ought to be aware that the people are displeased with its apparent disinterest and it will be unable to fend off accusations that it must be actively engaged in influencing the operations of police and prosecutor bodies due to its refusal to take on board opposition party proposals which are currently central to the pre-National Assembly opening party negotiations.

ROK: Torrential Rain Causes 1 Billion Won in Property Damage

*SK1806032296 Seoul YONHAP in English
0029 GMT 18 Jun 96*

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — The torrential rain sweeping the country since Sunday [16 June] left one person missing and approximately 1 billion won in property damage by 8 AM Tuesday.

Sixteen buildings or houses were damaged or inundated, 4,697 hectares of farmland flooded, and some 300 meters of embankment in 29 different places, two roads and 58 irrigation ditches partially washed away, the government said.

Heavy rain warnings were lifted by 6 AM Tuesday, except in the Yongdong region.

South Chongchong Province and Kumsan County were hardest hit by the heavy rainfall, recording 236 mm by 8 PM Monday.

Part of Chinan County, North Cholla Province, recorded 229.5mm, Osan, Kyonggi Province, got 132mm, and Mungyong, North Kyongsang Province, 127mm.

ROK: Korea Telecomm To Launch Mugunghwa 3 Satellite in 1999

*SK1406020896 (Internet) The Digital Chosun Ilbo
WWW in English 1212 GMT 13 Jun 96*

[FBIS Transcribed Text] Korea Telecomm announced Thursday [13 June], that the Mugunghwa 3, a high-tech communications satellite, will be launched in September of 1999. The satellite will service not only the domestic market, but several Southeast Asian countries as well. The Mugunghwa 3 will carry a total of 33 relay systems, including 27 communications satellites, and 6 broadcast relays. The satellite will be designed with a life expectancy of 12-15 years.

ROK: More on South Korean Plan To Launch Mugunghwa 3

*SK1406055696 Seoul YONHAP in English
0528 GMT 14 Jun 96*

[FBIS Transcribed Text] Seoul, June 14 (YONHAP) — South Korea plans to put into orbit its third satellite, Koreasat III, in September, 1999, Korea Telecom announced today.

The Korean satellite, which is also called the Mugunghwa III and equipped with high-tech equipment, will be able to cover communications and broadcasts to not only Korea but also Southeast Asian countries, especially the relays of the 2000 Sydney Olympics and the 2002 World Cup finals.

The new satellite is scheduled to carry a load twice as heavy as its predecessors.

Korea Telecom President Yi Chun said the Koreasat III will replace the Koreasat I, the Korean-built satellite that was launched into orbit last year, and began commercial services in March. The satellite, the first in the Mugunghwa series of Korean space communications program, is expected to expire in 2000.

The telecommunications authority said the satellite project will require a 100 billion won (1.26 billion U.S. dollars) investment and will be able to carry a larger payload due to its expanded communications and broadcast capacities; it will carry 27 communication relays, and six broadcast relays, the same as those combined loads on the Koreasat I and II. The satellite expected life-span is 12 to 15 years.

The new satellite will be able to beam communication services to the Southeast Asia on the "ku" band and will use six of the 24 communication relays.

The Koreasat III will be able to handle digital broadcasting, the distribution of cable television, commercial business communications, the usual services rendered by the existing satellites Koreasat I and II, and multimedia service, remote control medical operations, education services, a wide range of information search services, and a super-speed local area network service, among others, Korea Telecom said.

Korea Telecom's satellite project office is now slated to complete the equipment purchase schedule soon and place its order for the new satellite as early as next January. The satellite has a completion target date of July, 1999.

Korea Telecom has scheduled a session to outline the project to both foreign and domestic aerospace industrial firms including Hughes, Lockheed-Martin, and

Aerospatial of France; LG information and Communications, Hyundai Aerospace, and Samsung Aerospace.

ROK: Seoul Subway Union Begins 'Work-to-Rule' Protest 18 Jun

SK1806092396 Seoul YONHAP in English
0716 GMT 18 Jun 96

[FBIS Transcribed Text] Seoul, June 18 (YONHAP) — Citizens were somewhat inconvenienced as the Seoul Subway Union began a "work-to-rule" at 9 AM Tuesday [198 June] to protest stalled collective negotiations.

Fortunately, however, commuters experienced no serious delays Tuesday morning because the work-to-rule was so timed as to avoid the rush hour.

The time between stops was anywhere from 10 to 30 seconds, and train maintenance at the depot lasted two hours rather than the normal 30 minutes to an hour. As a result, it took subway trains more than one hour and 15 minutes to travel from Sanggye to Sadang stations on Line No. 4, compared with the usual 45 to 50 minutes.

Because passengers continued arriving in spite of the work-to-rule, serious congestion was observed at certain transfer points including Sindorim, Seoul, and Sadang Stations.

A union official said, "To warn management, we resorted to a mild action today. If it fails to indicate our sincere desire to continue negotiations, we'll intensify the struggle beginning tomorrow."

To counter the union's work-to-rule, the Seoul Metropolitan Subway Corp. mobilized some 600 non-union senior employees as engineers and train inspectors in an effort to shorten the time between stations and at maintenance depots.

ROK: Minister Not To Tolerate Public Service Strikes

SK1806022496 Seoul THE KOREA TIMES in English
18 Jun 96 p 3

[FBIS Transcribed Text] The government and the labor unions in the public service sector are headed for a collision, with the Labor Ministry yesterday declaring a hardline measure against the joint strike of the unions scheduled for Thursday [20 June].

Labor Minister Chin Nyom said, "The government will never tolerate any illegal union activities, holding hostage the mass transit system, phone service and other public services," in a press conference yesterday.

As a measure to forestall the strike in public services, the government will enforce mediation by the Central

Labor Dispute Arbitration Committee in dispute-ridden services today or tomorrow, Minister Chin said.

From the moment the committee gets down to the mediation procedure, unions are banned from engaging in any collective action under the related laws.

However, the unions at Korea Telecom, Seoul Subway Corp. and three other public services earlier threatened to push for a strike by disregarding the commission's intervention in their disputes.

Minister Chin said the government will minimize the disturbances in public service arising from the possible strike of workers by mobilizing every means available.

"The government has secured measures to fully cope with the walkout of unionized workers, so there will be no serious inconveniences in services."

The government will mobilize other manpower, even if workers at Seoul Subway Corp. and Korea Telecom engage in "deliberate idleness," to normalize operations in public services, he said.

In a stern warning against the strike, Minister Chin made it clear that law enforcement authorities will prosecute those illegally joining the collective action while the dispute mediation is underway.

The minister also categorically ruled out any compromise with the unions over their demands for the reinstatement of sacked workers and permission for public servants and teachers to form trade unions.

Such issues, which are not subject to collective negotiations, should be discussed at the forums organized by the Presidential Commission on Labor Relations Reform, which is being participated in by the labor circle, the minister said.

The tense confrontation in public services failed to show any signs of settlement yesterday, with both the union and management failing to resolve differences in their positions.

Korea Telecom is to hold negotiations between the union and management today, but they are unlikely to reach an agreement on the reinstatement of the sacked workers.

Meanwhile, adding tension to worsening industrial relations, the labor union at Mando Machinery Corp. went on strike yesterday, and other unions at major industrial firms are moving to call for walkouts.

ROK: KDI on Economic Contingency Plan for 'Sudden' Unification

SK1406022496 Seoul THE KOREA TIMES in English
14 Jun 96 p 9

[By staff reporter Yi Chang-sup]

[FBIS Transcribed Text] The Korea Development Institute (KDI) yesterday came out with an economic contingency plan in anticipation of sudden reunification of the two Koreas.

It urged the government to map out a concrete plan to raise funds aimed at financing a reunified Korea.

Bond issues, tax increases and foreign borrowing are some of the options. The institute pointed out that maintaining a trade surplus is the best way of accumulating money to finance a reunified economy.

KDI also said an emergency plan must be formulated to cope with the possible exodus of North Koreans into the South following reunification or the collapse of the Pyongyang regime.

It called on government ministries and organizations to set up strategic planning and implementation teams to handle an abrupt breakdown of the North Korean government and reunification. The institute urged the government to strengthen its cooperative ties with the United States, Japan and Russia so that they can work as moderators to curb potential chaos in the North. To ensure smooth economic development in the North, Seoul must render full support to Pyongyang's bids to join international financial organizations, KDI said.

In case of a mass exodus of North Koreans into the South, the government must seek ways of providing daily necessities, including food and shelter, to the refugees. Also job training programs for their smooth settlement in the South need to be set up, KDI said.

In the initial stage of chaos, North Koreans might flee to Japan and China. Thus Korea should establish a cooperative system with these neighboring nations for handling the refugee problem.

It said the government should have an internal policy of handling property and privatization of the northern economy, as well as adopt macroeconomics policies such as wage, labor, fiscal and financial integration, in case of South-North reunification. KDI pointed out that Korea should not repeat Germany's mistake of a one-to-one currency conversion between the east and the west. It said a wage policy must be made within productivity levels.

It also warned that if chaos turns into serious disintegration, the North might seek to invade the South. It

called on the government to maintain a watertight defense posture.

KDI presented four scenarios which are likely to be imagined in the change of North Korean regime: (1) reconciliation, cooperation and economic reform, (2) reconciliation, cooperation and limited opening of the economy, (3) exclusion of South Korea from all deals but economic reform and (4) exclusion of the South in all deals and limited opening of the economy.

It said under whatever circumstances, the North has limits in tiding over its current economic woes and faces disintegration as long as it continues a policy of not recognizing the South and shunning Seoul's cooperation. It said North Korea is desperate not to make direct and official contacts with the South as it fears that the North might be absorbed into the South.

Ultimately, reformists and conservatives in the northern leadership will engage in disputes over whether it is desirable to exclude or include the South in external policy and to pursue either a limited or full-scale economic opening, KDI predicted.

ROK: Finance Minister Na Comments on Financial 'Liberalization'

SK1406092996 Seoul YONHAP in English
0759 GMT 14 Jun 96

[FBIS Transcribed Text] Seoul, June 14 (YONHAP) — The government will continue to liberalize the banking and securities industries until the year 2000, Deputy Prime Minister and Finance and Economy Minister Na Ung-pae said Friday [14 June].

Speaking at Korea finance society workshop, the chief financial-economic policymaker remarked that the government would create conditions that will encourage banks to expand into a universal bank through acquisitions and mergers.

But the policy of preventing industrial capital, namely business conglomerates, from entering the banking industry will continue, he said.

At the end of last year, the nation's 30 largest business groups had an average 20.5-percent net worth-total capital ratio, which means shareholder equity only accounted for one fourth of total assets, including borrowed capital.

Under these circumstances, it is not desirable to allow these business groups to become controlling shareholders in banks, he said.

Wider financial market opening for greater liberalization of international capital transactions is a world trade

trend the South Korean economy can hardly avoid, he noted.

The government is working on plans to open the banking and securities industries wider and wider in the next three to four years, including the raising of foreign investment limits on the stock market, Na revealed.

By the year 2000, the economy will be opened as wide as advanced economies are, he added.

Noting the financial market deregulation policy has begun to bear fruit, he said government policy-related bank loans for industrial development would be gradually scrapped.

He also added that the government is going to finance anti-pollution and agricultural development projects directly.

Bank loan restrictions for service and leisure industries, such as golf courses, hotels and condominiums in resort areas, will be eased, along with the requirements that banks set aside a fixed amount of money for mandatory loans to small businesses, he said.

ROK: Deputy Premier Na Stresses 'Price Stability'

SK1506021596 Seoul THE KOREA HERALD
in English 15 Jun 96 p 8

[By staff reporter Choe Sung-chin]

[FBIS Transcribed Text] In addressing the nation's current account deficit, the government will not employ short-term monetary and credit policies but help to sharpen the fundamental competitive edge based on price stability, its top economic policymaker said.

"The government will continue to stick to its annual money supply growth ceiling, but there will be no abrupt monetary withdrawal (to curb inflation)," said Deputy Prime Minister Na Ung-pae.

Na, also minister of finance and economy, while brushing aside rumors on monetary squeeze, said the latest interest rate increase is "just a temporary phenomenon."

The deputy premier was responding to the business tycoons' call for the government to reduce the high interest rate to international level, at a meeting with chairing group of the Federation of Korean Industries (FKI), an interest group representing chaebol, or diversified conglomerates.

As the reasons for the widening trade deficit, Na blamed not only the fall in international prices of Korea's main export items, including semiconductors, but also the snowballing deficit in invisible trade sector, such as overseas travel.

Expressing concerns about the still high wage increase rate here which he described as the stumbling block to strengthening international competitiveness, Na asked the large conglomerates to take the lead in keeping the pay increase at a low level, said Chon Tae-chu, FKI's senior managing director, who was on hand at the meeting.

Business leaders for their part said that they are worried not only about the high wage increase but also too strong a bargaining power of labor unions, according to Chon.

They also complained that despite the government's efforts to expand the social infrastructure, the bottleneck in transportation is getting worse, driving up sharply their distribution costs.

Yesterday's meeting was held as the nation's current account deficit widened to \$6.56 billion in the first four months of this year from \$4.27 billion a year ago.

A latest FKI forecast said that hit by sluggish exports and capital investments, the nation's economy is expected to grow a real 7.1 percent this year, compared with 9 percent last year.

The participants from the business community, according to Chon, particularly lamented the falling "work ethic" among Korean workers and lack of discipline in the society as a whole.

"One participant even said that he hoped that Korea would have a strong leader like Britain's onetime prime minister Margaret Thatcher," Chon said.

The consensus between the government and business in blaming the wage level and progressive unionism as the major culprit behind the falling economy, however, may backfire at a time when the Federation of State Enterprise Unions are planning a joint strike soon, business watchers here said.

ROK: Kim Yong-sam Orders Reform Plan for State-Run Companies

SK1706074496 Seoul YONHAP in English
0633 GMT 17 Jun 96

[FBIS Transcribed Text] Seoul, June 17 (YONHAP) — President Kim Yong-sam instructed Deputy Prime Minister and Finance and Economy Minister Na Ung-pae Monday to prepare a management innovation plan for state-invested companies, including their privatization schedules, by the end of August.

While speaking at a meeting of officials from government subsidized firms and cabinet ministers at Chongwadae [presidential offices], Kim said the ministers

should take an active role in preparing an economic innovation plan for Korea in the 21st century, by discarding their self-defensive and group-centered mentalities.

The privatization program has been progressing at a snail's pace for the past two and half years due to concerns of concentrating too much economic power in a handful of business groups and the lackluster stock market, he noted.

As a result, government restrictions on state subsidized companies have not been eased and their management has been complacent about the status quo despite ambitious reform programs being pushed by private companies.

To make these enterprises as competitive as private businesses, the management innovation plan must be based on an impartial review of their achievements and their growth potential, Kim stressed.

The privatization program must move forward in a manner that diffuses economic power among business groups and anticipates the potential adverse effects on the stock market, he added.

There were officials from 22 state subsidized companies attending the meeting, including President Kim Man-che of Pohang Iron and Steel Co. and President Kim Han-chong of Korea high-speed railway construction authority.

**ROK: Correction to Background on DPRK
Postponed Adjustment Period**

*SK1406080896 Seoul CHUNGANG ILBO in Korean
13 Jun 96 p 4*

[FBIS Translated Text] The following correction pertains to the item headlined "ROK: Background on DPRK's Postponing 'Economic Adjustment Period,'" published in the 13 June East Asia DAILY REPORT, pages 40-41: Page 40, column one, paragraph six, sentence two make read: ...of the Third Seven-Year Economic Plan (1987-1993). Thus, North...(correcting date).

Burma

Burma: Article Criticizes Aung San Suu Kyi's Activities

BK1806110496 Rangoon KYEMON in Burmese
14 Jun 96 p 6

[Article by Di Hlaing: "Extremely Good"]

[FBIS Translated Text] It would be wrong if Daw Gwet Htaw [derogatory reference to Aung San Suu Kyi] is chosen as a leader for the development of democracy in Myanmar [Burma]. It is worse not to know exactly what kind of a country Myanmar is. The Burmese people may bicker during ordinary times, but when they face a crisis they can unite and fight back, as in the Burmese saying: "United in times of emergency".

The neocolonialists' opinion of the Defense Services is wrong. They are under the impression that the Defense Services was established and utilized by a group of people for the purpose of authoritarian rule. It would be very wrong indeed if you believe in the fabrications of those who are only inside Myanmar by illegally crossing the border, those who have only been to University Avenue Road [where Aung San Suu Kyi's residence is located], and those who say they are Myanmar experts. The Myanmar Defense Services, conceived during the anti-fascist era and independence struggle, is not molded for a dictatorial regime.

There is no draft law in Myanmar. Young people join the Defense Services according to their own volition and patriotism. There is widespread propaganda that the people are sick and tired of the Defense Services. New recruits are enlisting every day, and there is no need for a draft law in Myanmar, since the Defense Services is a patriotic institution.

The Burmese people can endure pain and suffering. They are easily contented. They can make sacrifices. They have experienced poverty and have survived the Japanese occupation during World War II. They have persevered through many challenging and difficult eras without any assistance.

The Burmese people are neither afraid nor worried about the economic sanctions. Food is plentiful in Myanmar, and there are many people interested in making resource-based businesses.

Tolerance and good-naturedness are national characteristics of the Burmese. They will retaliate collectively if anything surpasses their tolerance limit and could use severe verbal assaults if their good-naturedness is taken for granted. There are also many very patriotic young persons who are willing to sacrifice their lives for the country.

Do you want democracy to develop in Myanmar? Your choice is wrong. In reality, the daughter-in-law [Aung San Suu Kyi] is conniving to build authoritarian rule. She has neglected the SLORC's [State Law and Order Restoration Council] efforts to establish democracy in Myanmar. It is an unbelievable coincidence that the daughter-in-law's defiant acts and the rebel mining of the train in Kanyutkwin, which caused many deaths, occurred about the same time. Did the daughter-in-law denounce this terrorist act?

Objecting to SLORC's activities amounts to pessimism, while constructive criticism is welcomed. Are you preventing the people from learning the truth by saying that hotel projects in Myanmar are not needed and that tourists should not visit Myanmar?

The world knows what will happen to you sister, if you try these acts in Saudi Arabia or Iran. The SLORC's complaisance is remarkable, and your arrogance is equally remarkable too.

You have fallen from grace after following the Western media's flattery by standing on a box and dancing. Do you know what can happen if you ignore the truth and persist on deception? If you love the people, work for the people, and do not do anything that will affect them. How shameful now, when you are prevented by law?

The Defense Services has put a halt to the one-party system, is striving for the emergence of a multi-party system, is bringing about market-oriented economy, and have achieved more than 90 percent in national reconsolidation activities. This is all well known, but the Western media has kept a blackout of this news and has prevented them from spreading worldwide. They only publish and broadcast as news what you and your group say.

What is your objective, sister? Don't be shouting democracy, democracy for nothing. It is very clear that your aim is for you to obtain power, govern the country, and impose an authoritarian rule always controlled by the National League for Democracy. If the objective of those who are helping you sister is to transform dictatorship to democracy then what is happening now is contrary to that. You better analyze carefully sister, whether the West group is helping you to obtain democracy or to create a dictatorship. Please study Myanmar more carefully; otherwise, it will be just a waste of money and time, and the people will be disillusioned.

Look at the current situation. The prices of basic commodities have risen because of you. Do not try to solve the unavailable dollars. Please look at the real world,

sister. There are rallies supporting SLORC's constructive works and denouncing your destructive acts. The people are angrily condemning you. If only you were another woman and not General Aung San's [Burma's independence leader and national hero] daughter...

Your roadside soap opera is like instigating more 1988-type disturbances in accordance with Gene Sharp's [name as transliterated—political expert] methods. It will be extremely good if the curtain falls on this soap opera.

Daw Gwet Htaw has the wrong view on this matter, thinking that the 1988 disturbances were a real democratic revolution that led to the fall of the Burma Socialist Program Party by PD [Political Defiance] methods. In fact, Daw Gwet Htaw's masters have poisoned her mind into believing that, since one dictatorship was brought down by PD methods, that another dictatorship could be dealt with in the same way.

The 1988 unrest was definitely not a victory for democracy. It was ruled by anarchy, threatened the nondisintegration of the union, and flung the country into total chaotic darkness. The thought that this was one victorious step was wrong in itself.

The BCP [Burma Communist Party] once analyzed that Myanmar was between two high tides. One high tide was when the BCP went underground in 1948, and the other high tide was during the disturbances. After that high tide ebbed, the BCP disintegrated.

Is Daw Gwet Htaw waiting for another high tide? Is she planning SLORC's downfall with more unrest since the one-party dictatorship was removed by the 1988 disturbances? Daw Gwet Htaw, you are wrong. The experiences Myanmar incurred are not compatible with any other country. Please restudy and reanalyze. What you are doing now is disgustingly extremely bad.

Burma: Aung San Suu Kyi Meeting Ends Without Interference

OW1506115996 Tokyo KYODO in English
1154 GMT 15 Jun 96

[FBIS Transcribed Text] Yangon [Rangoon], June 15 KYODO — The third public meeting of National League for Democracy (NLD) leaders defying a government ban ended peacefully without interference Saturday [15 June].

Since her release from house arrest in July last year, Aung San Suu Kyi and two other NLD leaders, Tin Oo and Kyi Maung, have spoken to supporters every Saturday and Sunday evening in front of her compound in Yangon.

During the latest meeting, Suu Kyi discussed a letter written to the government by Aung Shwe in connection with the new law banning public meetings, demonstrations and expressions intended to undermine law and order and public tranquility.

Suu Kyi criticized the law, saying it was not conducive to the peaceful transfer of power or the emergence of a multiparty democratic system in her country.

However, she again refrained from her usual direct criticism of the military government.

On June 2, the government ordered NLD Chairman Aung Shwe to halt the weekly public meetings of NLD leaders as of June 8.

On June 7, the government introduced a so-called "law to protect the successful and peaceful transfer of power, and successful performance of the national convention."

The new law also prohibits any attempt to derail the ongoing national convention and bans writing and publication of a state constitution without lawful authorization.

Violations are punishable with prison terms ranging from five to 20 years, and dissolution of any party organizations involved.

Defying the government ban, Suu Kyi, Tin Oo and Kyi Maung spoke to supporters gathered outside the compound June 8 and 9. The meetings ended peacefully without interference from the government.

The third such meeting June 15 also ended peacefully without interference.

Burma: Residents 'Distressed' by Crowd at Suu Kyi's Home

BK1706110296 Rangoon KYEMON in Burmese
15 Jun 96 p 6

["Letter to the Editor" from the residents of the Golden Valley to KYEMON dated 15 June: "Prevent the Undisciplined Lecture"]

[FBIS Translated Text] Sir: An undisciplined lecture has been taking place every Saturday and Sunday at our No. 2 Golden Valley Ward on the University Road in Bahan Township. We want to rest at home on our days off, but we are mentally distressed because of the noise from the crowd on the road, which begins around 1400 in the afternoon. If we want to go out, then we must politely and nicely ask the people who come to the lecture because they sit in front of the gates and house doors and block the path. They verbally abuse and yell at us if we leave our house during the lecture. To prevent thieves from entering our house, we have to immediately fix our

fences at night, which are destroyed by the people who come to the lecture. We are also unable to tolerate the smell caused by these people urinating on our fences. To alleviate our suffering every Saturday and Sunday, we would like to ask the respective authorities, through the editor of this paper, to prevent and to take action against the undisciplined lecture as soon as possible.

Signed: Residents of Golden Valley

Burma: Aung San Suu Kyi Continues Public Speeches 16 Jun

OW1606130896 Tokyo KYODO in English
1214 GMT 16 Jun 96

[FBIS Transcribed Text] Yangon [Rangoon], June 16 KYODO — Myanmar [Burma] pro-democracy leader Aung San Suu Kyi on Sunday [16 June] continued giving weekly addresses to the public from inside her compound, defying the government ban against her speeches.

The address, the fourth since the military government issued its ban in early June, ended without interference from authorities.

Suu Kyi along with Tin Oo and Kyi Maung, two other leaders of her National League for Democracy (NLD), spoke to supporters who have gathered outside the compound Saturdays and Sundays since June 8. All four addresses have ended peacefully.

Traffic police, who were absent during the three previous occasions, appeared Sunday and prevented cars from parking along the curb in front of Suu Kyi's compound and nearby on the university avenue. "No parking" was painted on the curbs Saturday.

Police, though, did not interfere with the crowd of around 3,000 people who gathered despite rain to hear Suu Kyi speak.

NLD leaders refrained from making any direct criticism of the military government, as they did during the three previous gatherings.

Suu Kyi, in responding to a question, said foreign investors should study the real situation in the country. Tin U, in a speech on Buddhism, included some satirical remarks, while Kyi Maung criticized a recent new law introduced by the government.

Since her release from house arrest in July last year, Suu Kyi, Tin Oo and Kyi Maung have spoken to supporters every Saturday and Sunday evening in front of her compound on the university avenue in Yangon.

Burma: 'Thousands' Gather To Hear Suu Kyi Despite Government Ban

BK1606143696 Hong Kong AFP in English
1431 GMT 16 Jun 96

[FBIS Transcribed Text] RANGOON, June 16 (AFP) — Thousands of supporters braving monsoon rains gathered at pro-democracy activist Aung San Suu Kyi's gate Sunday for the second consecutive week after a government ban on such weekend meetings.

"The right to hold peaceful public meetings should not be withheld for some while others are permitted to do so," she said, apparently comparing the pro-democracy gatherings to pro-government mass rallies marred by allegations of coerced attendance.

The only rallies that pose a real danger to peace and stability are rallies where threats, motivated by hatred, are directed at so-called enemies, she said.

Aung San Suu Kyi's National League for Democracy has frequently been attacked by the ruling military junta as a threat to peace and stability.

While no official action has been reported against the weekend meetings or those attending them, parked vehicles deemed to be violating traffic regulations nearby have begun to receive summons for fines.

Letters from commuter bus drivers complaining about the rallies' blockage of University Avenue have appeared in the state-controlled press in the last two days.

"It is impossible to make use of all the four lanes," a letter ostensibly written by a group of bus drivers said. "We have to squeeze into a single lane, always apprehensive that we may run over someone."

No untoward incidents occurred in the crowd, estimated at around 4,000 people.

Burma: Article Directs Aung San Suu Kyi To Leave Rangoon

BK1706144996 Rangoon MYANMAR ALIN
in Burmese 16 Jun 96 p 4

[Article by Byatti: "Aung Pe, Go Away! Daw Pu, Go Away"]

[FBIS Translated Excerpt] I want to explain about patriotism to those who are riding a horse but do not know whether they are riding a stallion or a mare. Patriotism is a spirit that recognizes the need to defend and safeguard the interests of one's lineage and country. It is similar to the word Patriotic [preceding word rendered in English] in the English-language. In the English- Myanmar [Burmese] dictionaries, Patriot (n)

[preceding word rendered in English] is defined as one who loves his country while the Patriotic (adj) [preceding word rendered in English] is defined as a spirit of loving one's country. [passage omitted explaining the character of Burmese people, loyalty, reasoning, sacrifice, and perseverance]

I have my reasons for explaining these things. The disease that degenerates patriotism that she [referring to Aung San Suu Kyi] contracted while spending half of her life in foreign countries has now become a tool to diagnose symptoms of her disease. Now she has only a little Myanmar spirit. What is Myanmar spirit?

The foreigners have admitted that it is easy to understand Myanmar [Burma], but not the Myanmar disposition. I am sure she has not read Albert Fytche's BURMA PAST AND PRESENT, as she is a woman who loves and enjoys reading English literatures. Everybody will be frightened if they face death, but there are some who proved that Burmese do not belong to that category. [passage omitted]

The majority of foreigners who arrive in Myanmar hold the same views on Myanmar. That is, Myanmar people help their needy neighbors, they never hesitate to feed a stranger who has entered their shelters, Myanmar parents have a great affection for their children and Myanmar children also know their duties, younger people respect the elderly people, while elderly people have compassion for younger people, and people with same age respect each other in Myanmar. It has also been recorded that Myanmar do not have a habit of telling lies to others, which is common among the orientals.

A woman who has descended from pure Myanmar parents but who has lost her Myanmar spirit has called for the halting of international assistance to Myanmar and has told foreigners not to visit Myanmar. She ruthlessly turned her back on her two sons and violated the four duties of children from good lineage.

She buried herself under her intellectual pride and wealth and doesn't know whom to show respect or compassion. She says things that are not befitting with her age and she is exceptional at telling lies.

She told the foreign countries to stop providing assistance to Myanmar, not to invest in Myanmar, to sever ties with Myanmar, to not accept Myanmar in the ASEAN, to impose economic sanctions on Myanmar, and to put pressure on Myanmar.

If we look at her personal life, she is not only married to an English man, a man of a different race, but she has to follow his instructions. She is also good at acting and is better at it than movie artists who have won three or four

academy awards. Even the fish mongers [women who sell fish in Burma usually use filthy language] will give up if she starts using her coarse and graphic language. She also criticized the preservation of one's lineage as a narrow nationalistic view.

She lives alone in Myanmar and is training the old cats [referring to U Tin Oo and U Kyi Maung, leaders of the National League for Democracy]. She continues to use as her permanent address "15" Park Town Oxford [preceding address rendered in English].

It is clear that No.54 University Avenue is a place where she mints her dollars. Under no circumstance was she concerned that country would become chaotic. In Myanmar, her name is not even officially accepted on the electric bill and donation receipt. She used Myanmar as a grazing land and has managed to obtain various prizes, honor certificates, and cash rewards. This is why, it is not surprising to see that she is so attached to Myanmar.

She had many opportunities to destroy Myanmar, but does not have to worry about food and shelter. She is a just slave who is paid in lump sum, in dollars, to follow the orders from the Western leaders.

I would like to point out some points from a ASIAN AGE report dated 30 May. In this report, a women known as a royal mother of the West [Anauk Medawgyi] said she doesn't go out much because she is concerned about people following her and that she won't be able to shop properly. She said she expects that her husband Michael Aris will visit her this summer and she talks to him on phone every Saturday and Sunday. She says her life is better than that of her colleagues in jail.

If this report is carefully analyzed one can see her true feelings. It is clear how she feels about Myanmar and Myanmar people. She may have saved million of tax-free dollars by now, which she made from a democracy magic show since 1988.

This money is enough for the future of her two sons, the two mix-raced princes. She should be happy by now. Many have already made sacrifices for her. For how long is she going to cause trouble? She should pack her wealth and return the way she came in. If she refuses to understand this simple and clear request then I will use slang to say the same thing: Aung Pe, Go Away! Daw Pu, Go Away.

**Burma: Open Letter to Lee Kuan Yew by
Opposition Groups**

*BK1506135096 (Internet) BurmaNet News in English
11 Jun 96*

[Open letter to Singapore's former Prime Minister Lee Kuan Yew by the Federation Trade Union of Burma and student organizations, dated 11 June; place not given]

[FBIS Transcribed Text] We are the Burmese students who fled to the Thai-Burmese border after the 1988 bloody military coup staged by the State Law and Order Restoration Council (SLORC). We managed to escape the brutal suppression of the pro-democracy activists, but hundreds of thousands of our colleagues have been killed, tortured, and many of them are being held behind bars for their calls for democracy and human rights in their motherland. We, the undersigned students, are committed to work for the restoration of democracy and human rights in Burma.

We deeply deplore your recent comment on Daw Aung San Suu Kyi, 1990 Nobel Peace Prize laureate of Burma. SLORC has ignored the result of the 1990 election where NLD [National League for Democracy] won 85% of the seats and has continuously cracked down on the opposition. SLORC has been condemned by the United Nations and international community for its human rights violations and its failure to transfer power to the people-elected representatives. However, most Asian countries, especially ASEAN-member countries, are trading and continuing economic relations with SLORC claiming "Constructive Engagement" is the best policy for democratization in Burma. At the same time, these countries including Singapore are turning blind eyes to the human rights abuses in Burma perpetrated by the ruling military junta and the lack of rule of law in the country. The recent crackdown on Daw Aung San Suu Kyi and her election winning NLD party clearly expresses that constructive engagement has moved neither Burma nor SLORC towards democratization. A few Asian countries expressed their concern about the SLORC's suppression of the democratic forces while others ignored the political suppression inside Burma as "internal affairs." It is a preposterous contradiction for you to say that Daw Aung San Suu Kyi may not be able to govern her country and would be better off remaining a political symbol while your government is saying they do not want to interfere in Burma's internal affairs.

Since her almost six years under house arrest, Daw Aung San Suu Kyi has called for dialogue in order to solve the political problems in Burma. Her repeated calls for dialogue have been ignored by the SLORC. Moreover, SLORC has openly threatened to ban the

NLD if they continue democratic activities. We strongly denounce the SLORC's refusal to engage in dialogue, the best way to solve the political dilemma in Burma. We express our complete support for Daw Aung San Suu Kyi and her calls for dialogue.

We have been urging the international community to pressure for the accomplishment of dialogue between Daw Aung San Suu Kyi and SLORC. While we believe in the people's power inside Burma, we also understand that international pressure could push the SLORC to the political roundtable. Instead of putting pressure on the SLORC, most ASEAN countries including Singapore are dealing with SLORC and enjoying the economic privilege under the name of "Constructive Engagement." Moreover, your recent comment on Daw Aung San Suu Kyi, our leader of the democratic movement against the military dictatorship, is deplorable. The support for her by the people was clearly expressed in the 1990 election and is evident now in the increasingly growing gatherings in front of her residence as an act of defiance by the people against the military's unlawful laws and orders.

We would like to ask you to look at Burma's situation as the struggle between the ruling military regime (SLORC) and democracy-loving Burmese people led by Daw Aung San Suu Kyi. Suggesting that Daw Aung San Suu Kyi, who is recognized as the leader of the democratic struggle in Burma, should remain only a political symbol is an insult to the will of the whole Burmese people. We are also wondering if your statement was made in order to defend your so-called "Asian Value" that promotes male chauvinism and seniority.

We would like to ask you in regard to your recent comment on Daw Aung San Suu Kyi to recognize the crucial importance of her active participation in politics and to make a public apology for your previous comment. Also we would like you to "interfere" in the situation of Burma by pressuring SLORC to begin genuine political dialogue with Daw Aung San Suu Kyi immediately. This would be genuine constructive engagement for the Burmese people. Finally we would like you to advocate that your government stop foreign investment in Burma and its alleged secret arms sales to SLORC.

Sincerely yours,

undersigned by
Overseas National Students Organization of Burma
Burmese Students Association (Safe Area)
All Burma Students' Democratic Front
All Burma Basic Education Students Union (Thailand)

Federation Trade Union of Burma.

Date: June 11, 1996

Burma: ABSL: Lee Kuan Yew Making 'Unwise,' 'Criminal' Remarks

BK1506132996 (Internet) BurmaNet News in English 13 Jun 96

(Statement issued by the All Burma Students League; place and date not given)

[FBIS Transcribed Text] We, the All Burma Students League [ABSL], strongly condemn the former Prime Minister and the Senior Cabinet Minister of Singapore Mr. Lee Kuan Yew for his unwise and criminal remarks on the ongoing democratic movement of the people of Burma and the well-existed democratic process of the countries in Asia. We also further warn Mr. Lee not to indulge again in producing such unqualified remarks which is contrary to the ground realities prevailing in our nation as well as the whole democratic world.

Being the person who is solely responsible for introducing the notorious "constructive engagement policy" towards the military dictators in Burma, Mr. Lee's remarks are overt insults and aggression to the national dignity of the people of Burma. It is also an effort to provide a chance to the Singaporean business agencies for continuing their exploitation of the people of Burma under the military junta who calls itself the State Law and Order Restoration Council (SLORC). There are also reasons why the Singapore's Old Man said like this. It is learnt that the economic lifeline of Singapore, an Island of Brokers, depends on unfair dealings with the illegitimate governments or terrorists in power of the region in terms of exporting illegal items including arms. Singapore has been one of the major arms-suppliers to the region though it does not have a major arms-factory in its own state. Hence, it is clear that Lee, an orthodox Confucian, has rudely made these remarks in order to save the SLORC junta who is now reeling under the combined pressure of the international and domestic forces of democracy.

Lee said, "Aung San Suu Kyi may not be able to govern her country... and will be better off remaining a political symbol... There is only one instrument of government, and that is army," while giving a rare interview to the foreign journalists on 7th June 1996. Lee, the so-called senior-most statesman who has been ruling Singapore by autocracy and preparing his son to inherit his political leadership, is trying to revive the already-dead Confucianism which had been long abandoned to the garbage of history. We, the ABSL, would like to caution Mr. Lee that such effort for transplanting the Confucianism, which provides extraordinary privilege

to the rulers and advocates hierarchy, to Burma would be in vain. And the destiny of Burma is to be determined by the people of Burma themselves.

Moreover, Mr. Lee, with narrow-mindedness, extended his unwise remarks on democratic administrations of India and Philippines. It is also a repeated insult to the ideals of democracy and freedom-loving people of Asia. We feel pity for poor Lee, a citizen of Singapore city-state, who missed a chance to learn the nature and practical ways of life of the bigger societies and nations. We also urge Mr. Lee to keep his eyes open towards the ideals and ways of life of the new world order.

In reality, Singapore's self-centred economic system is one of the root-causes of arms conflicts prevailing in our region. Singapore has been a major arms supplier to various anti-people gangs ranging from illegitimate governments to marauders. Hence, it is the duty of the people of Singapore to express their true friendship to the people of Burma by stopping their government from selling arms to the military junta if they really desire to see Burma as peaceful and friendly country.

At the same time, we, the ABSL, warmly welcome the gesture of the United States who took initiative to take action against SLORC for its increased political suppression in Burma. And we also urge the Government of India to intensify its effort for reestablishing democracy in Burma.

Finally, we, the All Burma Students League, strongly urge the people of Singapore:

— Not to allow their Lee-like leaders who are orthodox Confucians to make such immature and unwise remarks on our nation as well as the rest of the world;

— To adopt a new foreign policy towards Burma in good spirit of promoting the long-term bilateral interests; and

— To co-operate with the democracy and justice-loving people of the world over in the process of building peace and stability in the region.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Lee's Remarks Described as 'Intent To Insult'

BK1706151296 Kuala Lumpur NEW SUNDAY TIMES in English 16 Jun 96 p 13

[From "Other Thoughts" column by A. Kadir Jasin]

[FBIS Transcribed Text] Singapore Senior Minister Lee Kuan Yew's surprise statement that Singapore might

consider rejoining Malaysia is less a statement made in good faith than an intent to insult.

Lee, the architect of Singapore's independence through federating with Malaysia, said Singapore would consider rejoining Malaysia if the latter practised meritocracy.

It was Lee's insistence that every Malaysian enjoy the same rights and privileges at a time when the majority of Malays were living in abject poverty that forced the late Tunku Abdul Rahman Putra to take the unpopular step of expelling Singapore from Malaysia.

By making meritocracy the condition for Singapore's return to Malaysia, Lee is saying that such a practice is missing in Malaysia.

For a leader who traced his political genesis to socialism and left-wing politics, Lee has conveniently abandoned the concept of equality by embracing meritocracy, which effectively shuts out the low achievers in Singapore society.

The contradiction between Lee's policy and his socialist-leaning ideology became more apparent when he promoted the idea of a superior race by encouraging high achievers, namely those with university degrees, to marry each other.

Surely Lee knows that poverty and the problems related to it like malnutrition and poor health are the causes of low academic achievement among the poor all over the world.

By religiously insisting on meritocracy, what Singapore has succeeded in doing is to keep the playing field lopsided in favour of the well-to-do and educated Singaporeans, who happen to be largely Chinese, and discriminating against the poorer and less educated Singaporeans, who are the Malays and Indians.

Bearing in mind that Singapore was a multi-racial society at its birth and still is as it transforms itself into an industrialized economy sidelining any racial group under any label is an act of injustice.

Whatever Lee may say about Malaysia and its policies, there is greater social justice in this country. The fact that there are Malaysians who assail and fight against these policies suggest that there is freedom in Malaysia.

As NEW STRAITS TIMES reader Ahmad Zakry wrote on June 12, at no time has the Malaysian Parliament been without a substantial and very vocal opposition. He said: "In Singapore, if the opposition wins even one seat, he won't be allowed to sit in Parliament. And if he loses his seat, there will be no by-election."

Surely Lee will not deny that there are more Chinese millionaires and successful professionals in Malaysia than their Bumiputera [indigenous] counterparts despite the Chinese being in the minority.

Although the special privileges accorded to the Malays and other Bumiputeras have catapulted many of them into the business and professional class, their number and their share of wealth are still less than those of the Malaysian Chinese.

Perhaps the Singapore Chinese, Malays and Indians ought to be told that there are more Chinese millionaires, Chinese-controlled listed companies and professionals in Malaysia today than when Lee was screaming "Malaysian Malaysia" in the Malaysian Parliament in the early sixties.

But how many Malay and Indian millionaires, successful professionals and high-ranking military officers has Singapore's meritocracy created? Surely Singapore Malays and Indians are not inferior in brain power compared to their counterparts in Malaysia.

I think it is unfortunate that in his twilight years and in his capacity as an elder "statesman" of Asia that Lee should want to open an old wound.

It appears that Lee is still unable to drop the political baggage of the sixties, when he and Dr Mahathir fought like cats and dogs in the Malaysian Parliament.

Clearly Lee's nostalgic attack is not shared by the republic's younger leaders. Dismissing the idea, Prime Minister Goh Chok Tong said rejoining Malaysia was not on his political agenda. Rather, his political agenda with Malaysia is to look for ways "where we can work together" to achieve a developed economy status.

Dr Mahathir, in what appears to be a light-hearted response, said he considered the likelihood of Singapore rejoining Malaysia as remote and refused to be drawn into the debate by saying that he looked at Lee's statement at face value.

Malaysia: Minister Criticizes U.S. Envoy's Remarks on Burma

BK1806131196 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 18 Jun 96

[FBIS Translated Text] Malaysia has criticized several Western countries for meddling with ASEAN's stand on Myanmar [Burma]. Foreign Minister Datuk Abdullah Ahmad Badawi said outsiders cannot decide whether or not Myanmar should join ASEAN.

Datuk Abdullah was commenting on the remarks made by two U.S. special envoys during their recent Asian

tour. The envoys said if Myanmar enter ASEAN before the military junta and pro-democracy movement reach an agreement, it may cause instability in Southeast Asia.

[Begin Abdullah recording] It is the wish of ASEAN countries, especially Malaysia, to see countries like Myanmar, Laos, and Cambodia to be able to enjoy the fruits of rapid development in this region by the 21st century. [end recording]

Earlier, Datuk Abdullah held talks with Myanmar Foreign Minister Ohn Gyaw at Wisma Putra [Foreign Ministry] in Kuala Lumpur. Ohn Gyaw, who is now in Kuala Lumpur to attend the Mekong Basin development meeting, expressed hope that his country would have economic development opportunities in several areas, including the railway project from Singapore to Kunming, China.

Malaysia: Deputy Premier Urges ASEAN To Develop Mekong Basin

BK1806112196 Kuala Lumpur THE STAR in English 18 Jun 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Malaysia has proposed that ASEAN countries fork out money to launch a fund to develop the comparatively backward Mekong Basin for the long term prosperity of Southeast Asia.

Deputy Prime Minister Datuk Sri Anwar Ibrahim said "seed money" for the said fund could be provided by ASEAN on a pro-rata basis to reflect the grouping's commitment to the well-being of Southeast Asian people.

"There must not be two South-east Asias, one rich and one poor. Genuine regional co-operation means we must be prepared collectively to alleviate structural problems to development in the Mekong sub-region.

"There is more prosperity and greater benefit to be derived from neighbours who are equally prosperous. Prosperous neighbours will have a stake in ensuring that peace and stability prevails in the entire neighbourhood," he added.

Opening the first ASEAN-Mekong Basin Development Co-operation ministerial meeting here yesterday, Anwar said the time has come for ASEAN to accelerate its steady economic collaboration and extend it to its neighbours.

"We must cease to think of our neighbours as rivals or prey and begin to look upon them as our partners in progress," he said in calling for regional co-operation in the trade, industry and finance sectors.

Anwar said there was a need to identify specific projects for immediate implementation and spoke of the importance to set up a framework to draw private sector participation on broad scales.

This initiative, he said, would see the realisation of massive projects which were beyond the capacity of a single nation and serve a vehicle to draw mainland neighbours in Southeast Asia into the mainstream of ASEAN growth.

He said the success of the projects would also depend on facilitation of trans-border movements of goods, services and people and cited the Friendship Bridge spanning the Mekong River as a vital and much needed link between Laos and the rest of the region.

Singapore

Singapore: Joint Exercise With Australian Troops Begins 15 Jun

BK1606095696 Singapore THE SUNDAY TIMES in English 16 Jun 96

[Unattributed report—received via Internet]

[FBIS Transcribed Text] June 16, 96 — Troops from the Australian Defence Force rehearsed for a live-firing exercise with their Singapore counterparts at SAFTI [Singapore Armed Forces Training Institute] on Friday. About 110 men from the Australian army are in Singapore for a battalion-level exercise with the Singapore Armed Forces, code-named Flaming Arrow.

National servicemen from the 85th Battalion, Singapore Infantry Regiment, took part in the live-firing exercise with the Australian troops yesterday. The nine-day exercise is the fourth in the series. Besides the live-firing, the Australian troops will familiarise themselves with fighting in built-up areas.

A Ministry of Defence statement said exercise Flaming Arrow was an opportunity for both sides to exchange ideas and strengthen their close defence ties.

Singapore: Editorial on 'Realities' in Dealing With Burma

BK1806115296 Singapore THE STRAITS TIMES in English 18 Jun 96 p 26

[Editorial: "Let's Be Realistic About Myanmar"]

[FBIS Transcribed Text] Senior Minister Lee Kuan Yew's assessment of the situation in Myanmar [Burma] will not please either the eternal optimist or the unbending ideologue. He said that the "one instrument of effective government there is the army" because the civil

service was not very effective and the police were part of the army. He made the point by way of emphasizing the realities that needed to be acknowledged by its opposition, as by its international interlocutors. Nor was he indulging in speculation. Given the fissures beneath the surface in a country of great ethnic diversity and past discord, he raised the real question of what would happen if the government collapsed and the country fell apart.

His comments are a corrective to the views of those who, though they find the military's influence pervasive, believe nevertheless that it can be rolled back. It is instructive, in this regard, to look at the Tatmadaw's [Defense Services of Burma] role in light of Indonesia's Abri [Armed Forces of the Republic of Indonesia], a point that Mr. Lee touched on. In the Indonesia of the mid-1960s, the armed forces were the only major organized source of authority powerful enough to pull the country out of the political chaos and economic morass into which it had fallen. These were developments that could well have led to the disintegration of the state itself, causing untold misery to millions and threatening order in the region. The genius of the Indonesian system was to recognize, rather than resist, Abri's contribution and institutionalize it in the military's dwifungsi [dual function], its dual military-security and socio-political functions. The result was not what many critics of the system predicted. Abri did not spell an end to politics; instead, it provided the markers of stability within which politics could proceed along with development. Moreover, as both took off, its own influence receded, though it remains a force today.

The Indonesian model is perhaps not irrelevant to Myanmar, much as the suggestion would infuriate those who believe that no lasting process of national reconciliation can begin unless the ruling State Law and Order Restoration Council (SLORC) is replaced by opposition leader Aung San Suu Kyi's National League for Democracy (NLD), which won the election in 1990 but was invalidated. She is adamant about not sharing power with SLORC; in the latest of a series of setbacks to constitutional negotiations, the NLD walked out of a convention last November in protest against the military's demand for 25 percent of the seats, and last month, the party declared that it would draft an alternative constitution. These developments are at the heart of the current crisis, which has seen SLORC resorting to heavy-handed action, alienating its critics even further. They may well argue that it is better to take a chance with democracy, despite its possible perils in the context of Myanmar today, than hope that the current system can ever evolve into a liberal and benign one.

The problem with this approach is that its devotion to political liberalization above and before all else is well-meaning but problematic. Apart from the issue of the military's role in governing the country and preserving its territorial integrity, there is the economic question. Compare Myanmar with another country under a popular democratic leader. It is not to belittle former Philippine President Corazon Aquino's contribution to her country to say that she failed to lift its economy after having liberated its politics from the clutches of a dictator. While not many would argue that democracy was responsible for economic stagnation, it could hardly be disputed that democracy did not provide a means of escaping it. In Myanmar, however, it has to be acknowledged that growing foreign investment on the back of ambitious economic reforms is benefiting more of the people, although the results of progress are yet to be felt across the nation. To cut off those links in order to pressure the junta would victimize the citizenry far more than hurt the generals. Hopes must instead be laid on political evolution, no matter how slow, moving in tandem with economic growth. That is the key to a better future for Myanmar.

Cambodia

Cambodia: Hun Sen: Government To Honor Agreement With Ariston

BK1806083796 Phnom Penh THE CAMBODIA TIMES in English 2-8 Jun 96

[Unattributed report]

[FBIS Transcribed Text] Phnom Penh — The Royal Government of Cambodia will honour its agreement with Ariston Sdn Bhd [Private Limited] and ensure that its Sihanoukville Development Project goes through.

Second Prime Minister Samdech Hun Sen said the government was morally bound to honour its word for the sake of its own credibility and to ensure continued benefits for its people.

As such, the Cambodian Government would honour all agreements signed, whether in respect of Malaysian companies or any other investor, he said in a letter to Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamed.

A copy of the letter, dated May 24, was made available to the CAMBODIA TIMES.

Hun Sen told Dr Mahathir that press reports had wrongly portrayed the government negatively with regards to the investments by Ariston, a Malaysian company, and he wished to clear the air to ensure that neighbouring countries and foreign investors did not receive the wrong signals.

"As you are aware, there are political mavericks who seek mileage through any means. Sadly, it is no exception in Cambodia," he said.

"While we seek to speed up reconstruction efforts, there are those who seek to gain popularity through short term means without regard for the long term needs."

Ariston was awarded the US\$1.3 billion Sihanoukville Development Project in an international tender in 1994, making it the single largest investor in Cambodia.

The project includes extension works on the airport in Sihanoukville, as well as the construction of five-star hotel resort and an independent power plant.

However, the company had not made much progress in the project because of various bureaucratic problems and the failure of the Cambodian Government to execute various agreements that had been signed.

Two weeks ago, First Prime Minister Prince Norodom Ranariddh was reported to have said that he would support moves to cancel Ariston's development project in Sihanoukville "if the National Assembly and the government thinks it is necessary".

The prince, who had questioned the company's contract with the government, was also reported to have sought the closure of Naga Resort's floating casino on the Tonle Basak here. Naga Resorts is a subsidiary of Ariston.

The contract to operate the casino was awarded to Ariston after it won the tender for the Sihanoukville project.

Hun Sen noted that Malaysia's support for Cambodia to be accepted into ASEAN and subsequent proposals for the development of the Mekong Basin were among some of the many efforts undertaken to assist Cambodia to "put its past behind it and progress to a brighter future."

He told Dr Mahathir that Cambodia was still seeking all the assistance it could get to re-construct the country.

"Being a retarded developing country and having had a good portion of our skilled human resources wiped out through two decades of strife, we realize that foreign investments are a major ingredient for our future success," he said.

He said the government also realized that businessmen looked to stability, commitment and dependability in a government before investing.

He said Ariston had been a model investor, but in a major investment of this size, there were bound to be problems.

He noted that Prince Ranariddh had stated in an interview in February that red tape had held up progress of the Sihanoukville project.

To clear the red tap, Hun Sen said, the Sihanoukville Development Authority had been set up.

On comments made about the casino, the Second Prime Minister said it was only a small part of a development package which include an independent power plant, an airport, a water supply project, a hotel resort and road construction.

He said Ariston was awarded the project in the international tender after its bid was evaluated as the best among those short-listed by a panel which included international consultants.

Therefore, he said, there was no reason for questions to be raised on the matter now.

He said that besides the development benefits arising from the contract, the government and the people of Cambodia would benefit from the US\$103 million royalty which would be paid by Ariston over the agreement period.

Hun Sen said the money would be used as a counter fund for projects financed by the Asian Development Bank and World Bank, while another US\$4 million from Ariston would have been used to buy a Fokker aircraft for government use.

He told Dr Mahathir that he could foresee other minor problems, but "as far as the Royal Government's commitment to adhering to the agreement, I would like to assure you that we shall abide by our collective decision to ensure the project goes through."

Hun Sen said that on his part, he would ensure that "the concept of collective responsibility and honouring the word of the contract remains a principle which the Royal Government and its Council of Ministers will stick to".

Cambodia: Report Says Khmer Rouge Bought Supplies Locally

*BK1806112696 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 17-18 Jun 96 pp 1, 3*

[Report by Peyatro]

[FBIS Translated Text] The Khmer Rouge, whose number is thought to be between 3,775 and 4,820, continue to use the Thai border as a firm base for launching continued attacks against the Royal Government forces.

A senior army general said that the Khmer Rouge rebels are using the Thai-Cambodian border as support to

maintain major bases along the border to continue their attacks against the Royal Government forces and to use these bases to serve other needs.

According to a report presented at a recent seminar to sum up the 1995-1996 dry season military work, during the past dry season the Khmer Rouge used 13 tanks, one BTR, 130-mm, 100-mm, 85-mm, and 120-mm artillery pieces, anti-aircraft missiles, and anti-tank Embarrass [name as transliterated] weapons on the Khla Ngoap front. The Khmer Rouge amassed troops and weapons along the border in the Malai and Pailin areas. The report also said that the Khmer Rouge rounded up some young persons in remote areas during clashes with government troops and lured people and inactive persons to work as laborers in Thailand. Later on, these persons were rounded up again in camps to serve the rebels.

The Khmer Rouge did not bring in supplies from the border. Troops inside the country had to solve these problems themselves by buying weapons and ammunition and sorting out food supplies locally. The money, however, was secretly provided by the Khmer Rouge command from the Thai border.

Cambodia: Hun Sen Criticizes Politicians With Dual Nationality

BK1706131696 Phnom Penh National Radio of Cambodia Network in Cambodian
0500 GMT 17 Jun 96

[FBIS Summary] The radio carries an 85-minute report on the inauguration of Slaku High School in Takeo Province's Samraong District on 17 June, with a recorded address by Cambodian Second Prime Minister Hun Sen. In his speech, Hun Sen talks at length about the importance of Buddhist monasteries in preserving the nation's culture and tradition, his personal assistance to orphaned students, and efforts to increase agricultural production.

Toward the end of his speech, Hun Sen calls on people to remember certain political parties and warns them against voting for certain politicians. He says that these politicians, "when they have power, will build villas for themselves first before building schools." Hun Sen adds that these politicians "do not even renounce their [dual] nationality, let alone relinquish it. They do not even renounce their nationality to genuinely serve Cambodia. Let me say, however, that this is not to spoil the social environment. These politicians do not even dare to renounce their nationality in exchange for a clear responsibility. They dare not even do this. Please remember this; we will talk about this in 1998. I do

not know, however, whether you would abandon me in '98."

Hun Sen also says: "Recently, on the 15th, they staged a demonstration in France to chase me out. There were 185 persons taking part in the demonstration. I do not want to deal with these persons. If I do, pupils in all of Hun Sen's primary schools would all go out in response and demonstrate all over Phnom Penh to chase these guys out of Cambodia. They have the right to demonstrate in France to chase us out of power. We could also stage a demonstration in Phnom Penh to chase these persons out of Cambodia. This is the same political right; however, we do not want to cause conflict. We will move on, as in the saying: 'Dogs keep barking while people continue walking ahead.'"

Hun Sen also criticizes some politicians for their hypocrisy. He says: "They boast by referring to King Jayavarman VII. Anyone can boast by referring to Jayavarman VII because we are all Cambodians. Let me say this frankly. Some people are hypocrites."

Finally, Hun Sen explains his wife's absence by saying that his wife has gone to meet their children arriving at Pochentong airport—two from the United States, one from Singapore, and two more from France."

Indonesia

Indonesia: Suharto Receives Japanese Premier's Special Envoy

BK1506163396 Jakarta KOMPAS in Indonesian
14 Jun 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, KOMPAS — President Suharto has called for the Japanese Government's participation and sincerity in assisting Indonesia through the CGI [Consultative Group on Indonesia]. This was disclosed by Hirabayashi Hiroshi, Japan's chief counselor on external affairs, after he paid a courtesy call on President Suharto at the Cendana Road presidential residence on Thursday (13 June). In his capacity as a special envoy of the Japanese prime minister, Hirabayashi Hiroshi said that the Japanese Government will do its best to assist Indonesia as it has in the past.

When he was asked about the Japanese Government's assurance to extend economic assistance through the CGI, the Japanese special envoy said he and President Suharto had discussed the CGI meeting that will be held later this month.

Speaking to reporters, Hirabayashi Hiroshi said he had also conveyed the Japanese prime minister's condolences on the death of Mrs. Tien Suharto's to the president. The Japanese prime minister also wants to hear

the Indonesian Government's views, which he will relay to the G-7 summit meeting in Lyon, France later this month, in view of the fact that Indonesia once hosted the nonaligned summit and will host the ASEAN summit later this year. [passage omitted]

Asked to comment on Indonesia's national car program, he said that he is not in a position to discuss it and that his mission is not aimed at discussing the issue. "I know that the government and private sector are actively discussing the issue. For your information, the Japanese Government always thinks in terms of what is best for bilateral ties. In fact, the Japanese Government always pays special attention to the problems faced by the Indonesian Government," he said.

Indonesia: MP Urges Rejection of Australia's Envoy Nominee

BK1806124296 Jakarta MEDIA INDONESIA in Indonesian 15 Jun 96

[Unattributed report — received via Internet; italicized passages in English]

[FBIS Translated Text] Jakarta (MEDIA) — Commission I [in charge of foreign affairs, defense, security, and information] of the House of Representatives of the Republic of Indonesia has asked the government to reject the nomination of Miles Kupa as a candidate for the post of Australian ambassador to Indonesia if his negative attitude toward President Suharto and the president's family remains unchanged.

Accordingly, the government has been asked not to rush into endorsing the nomination. The government should first question Kupa's attitude. Even if he has changed, he will still have to issue a written apology to the Indonesian Government.

Aisyah Aminy, chairwoman of Commission I of the House of Representatives of the Republic of Indonesia, said this to MEDIA INDONESIA yesterday in the wake of Australia's nomination of Kupa as an ambassadorial candidate in Jakarta. Outgoing Ambassador Alan R. Taylor ended his duty last April.

Kupa is a former deputy secretary for Southeast Asian affairs of the Australian Department of Foreign Affairs and Trade. He served in Jakarta in the 1980's. Upon his return from Indonesia, Kupa wrote reports to the Australian Government about his strong criticisms of President Suharto and the president's family. One report was entitled *The Little Big Man*. Accordingly, Kupa has been regarded as having made "criticisms" against Indonesia.

According to Aisyah, relations between Indonesia and Australia are very good now. The two sides should avoid

action that could create tension. Accordingly, Kupa should first be questioned about his attitude toward Indonesia. "If he remains as before, we will have to firmly reject him, because his presence will create friction in relations between the two countries and will even create misgivings in the society," Aisyah said.

Meanwhile, Foreign Minister Ali Alatas did not elaborate on the the Australian ambassadorial candidate. Asked whether the Indonesian Government has been notified of the nomination, Alatas said: "If I am not mistaken, we have been notified."

Alatas declined, however, to confirm that Indonesia had endorsed the nomination. "I will *check* it first. I will *check* whether or not it has been endorsed," Alatas said.

Indonesia: 'Mass Repatriation' of Vietnamese Planned

BK1806083096 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 18 Jun 96

[FBIS Translated Text] A mass repatriation of Vietnamese boat people is scheduled to take place from 20 to 30 June 1996 under the voluntary repatriation scheme and the Indonesian Government's own repatriation program. Lieutenant General Suyono, chief of the General Staff of the Armed Forces of the Republic of Indonesia, said this in Batam yesterday following a brief meeting with Major Gen. Arie Kumaat, commandant of the Galang '96 Humanitarian Operation.

According to Lt. Gen. Suyono, the meeting dealt only with the technical procedures for the repatriation of Vietnamese refugees. The matter is not as simple as thought because the Vietnamese Government has its own policy that the temporary asylum countries must accept. He added that Indonesia has asked a Cambodian delegation to come to accelerate the repatriation process.

Meanwhile, the UN High Commissioner for Refugees is prepared to extend financial aid even if the repatriation process goes beyond 30 June.

Indonesia: Army on Convening PDI 'Breakaway Group' Congress

BK1806041796 Jakarta KOMPAS in English 18 Jun 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta, KOMPAS Online — ABRI [Armed Forces of the Republic of Indonesia] Commander General Feisal Tanjung has stated he will attend the controversial PDI [Indonesian Democratic Party] congress if invited. At a family cooperation discussion held in Bandung on Monday (17 June), Feisal

declared the PDI congress was in accordance with the party legislation.

"ABRI's attitude to PDI is clear. It's our asset. ABRI doesn't want to get anything out of the congress. It's all up to them. We will only provide the security. The congress has come about because of their own wishes and it is in accordance with the constitution of the party," he said.

ABRI's Chief of Staff Lieutenant General Suyono has asked security forces in Medan to be on full alert. "Security measures will be preventive so as to avoid unnecessary victims. Soldiers should not be easily incited by mass movements which make ABRI act outside the procedure," Suyono said. He also added that if necessary ABRI would be forced to take repressive actions.

Meanwhile Chief of Staff of Social and Political Affairs of ABRI Lieutenant General Syarwan Hamid reaffirmed that the home affairs minister, Yogie SM, and Feisal Tanjung would be present at the congress held by the PDI breakaway group. Syarwan said the congress represented a way to settle the PDI conflict.

Secretary General of the PDI Central Committee Alexander Litaay stressed that whatever the outcome of the PDI congress, Megawati, as head of the legitimate PDI body, would remain in power.

Litaay was speaking with representatives from over 30 non-government organizations [NGO's] in the PDI headquarters in Jakarta. Among those present were PDI members Sophan Sophiaan, Sabam Sirait, Marcel Beding, Royani Haminullah, and Jatikusumo and NGO [nongovernmental organization] groups represented by Sukmawati [another daughter of late president Sukarno] from the Marhaen [Indonesian-style Socialist] Movement, Mukhtar Pakpahan from SBSI [Indonesian Prosperity Workers Union, an unrecognized trade union], Ridwan Saidi from the "new" Masyumi [Indonesian Muslim Council], and Sri Bintang Pamungkas from the Indonesian Democratic Union Party.

Tens of thousands of PDI supporters throughout Bali and Java are ready to come to Jakarta to show their support for Megawati Sukarnoputri if the congress goes ahead.

Government Intervention

The National Human Rights Commission has also issued a statement concerning the political and ethical violations which unsettled PDI. The statement, signed by commission officers, Bahuruddin Lopa and Marzuki Darusman, will be handed over to the coordinating

minister of Politics and security, Susilo Sudarman, on Tuesday.

Marzuki told journalists that "a certain type of opposition" had plagued PDI. He also saw that the government had exceeded its role as a political guide and entered into the arena of intervention.

The PDI congress is to be held from 20-24 June 1996 at the Asrama Haji Pangkalan Mansyur [Pangkalan Mansyur Haji Dormitory] in Medan. The presence of security forces is already evident. The two-meter fence built around the venue has been made more formidable with a one-meter high coil of barb wire.

A special card is also required by journalists who wish to observe the congress. The cards are not due to be issued until 19 June 1996.

Banners, welcoming the congress participants, have also been hung around the streets of Medan. The home affairs minister, due to open the congress, has also received a special welcome message.

Laos

Laos: Burmese Foreign Minister, Delegation End Visit

BK1506141896 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 15 Jun 96

[FBIS Translated Text] After visiting the Lao People's Democratic Republic [LPDR] at the invitation of His Excellency Somsavat Lengsavat, minister of foreign affairs of Laos, to attend the second meeting of the Joint Laos-Burma and Burma-Laos Cooperation Committee, which took place yesterday at the Lan Xang Hotel in Vientiane, the delegation of the Ministry of Foreign Affairs of the Union of Burma headed by its Minister H.E. U Ohn Gyaw, arrived home this afternoon after completing a three-day visit to Laos.

While in Laos, H.E. U Ohn Gyaw paid a courtesy call to LPDR President H.E. Nhouhak Phoumsavan, attended the second meeting of the Joint Laos-Burma and Burma-Laos Cooperation Committee, and signed a memorandum of agreement on further enhancement and strengthening of relations and cooperation in various fields between the two countries. In addition, the Burmese Foreign Ministry delegation also visited ruins and archaeological locations, as well as production bases in Laos.

A farewell ceremony for the Burmese Foreign Ministry delegation was held at Wattai International Airport this afternoon. Seeing off the delegation at the airport were H.E. Somsavat Lengsavat, minister of foreign affairs of the LPDR, and a number of high-ranking officials of Laos' Foreign Affairs Ministry. H.E. U Thein Han,

ambassador extraordinary and plenipotentiary of the Union of Burma to Laos, was also present at the airport to bid farewell to the Burmese foreign minister and the delegation.

At 1220, a special aircraft of the Lao Airline with Burmese Minister of Foreign Affairs H.E. U Ohn Gyaw and his delegation on board left Vientiane for a safe journey home.

Laos: Foreign Minister Leaves for Mekong Meeting in Malaysia

BK1706075696 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 17 Jun 96

[FBIS Translated Text] On the afternoon of 16 June, Foreign Affairs Minister Somsavat Lengsavat and party left Vientiane to attend the conference of ministers of ASEAN and the Mekong basin countries, to be held in Kuala Lumpur, Malaysia, on 17 and 18 June.

At the conference, the participants are expected to discuss principles of cooperation and to endorse various immediate cooperation measures in various areas between the ASEAN and Mekong basin countries. They will also discuss other issues regarding future cooperation. The discussion will be beneficial to Laos in the areas of socioeconomic development, communications and transportation, trade, investment, and many others. The outcome will also be beneficial to the development of the communications networks of the countries in this region.

This is the first conference of ministers of ASEAN and Mekong basin countries, which is held at the initiative of the Malaysian prime minister advanced at the fifth ASEAN summit in Bangkok, Thailand, in December 1995. It is aimed at promoting economic cooperation between the seven ASEAN member countries and the four Mekong basin countries, which include Singapore, the Philippines, Brunei, Indonesia, Malaysia, Thailand, Vietnam, Laos, Cambodia, Myanmar [Burma] and China.

Philippines

Philippines Asks U.S. To Remove 'Restrictive' Nontariff Barriers

BK1506101496 Manila MANILA BULLETIN in English 15 Jun 96

[Received via Internet]

[FBIS Transcribed Text] The Philippines has asked the United States, its major trading partner, to remove restrictive non-tariff barriers it imposed on Philippine exports, particularly shrimps, mangoes and garments.

Trade and Industry Undersecretary Cesar B. Bautista disclosed this after conducting recent bilateral negotiations with the US Trade Representative Office in Washington.

Bautista said the US was imposing an embargo on Philippine shrimps, utilizes unclear quarantine procedures on Philippine mangoes and adopts a new regulation on the rules of origin for garment exports.

In the case of shrimps, Bautista said, the US imposes an embargo on exports of shrimps and prawns to countries which are employing methods that endanger sea turtles.

Shrimp exporters to US are now required to secure additional certification from the Bureau of Fisheries and Aquatic Resource (BFAR) declaring that the harvesting methods they employ are safer for sea turtles.

Considered safe harvesting methods are aquaculture with turtle-extruding devices, by manual rather than mechanical means, or in cold water.

But Bautista said Philippine shrimp harvests are almost all from aquaculture production and therefore do not affect the endangered sea turtles.

"It is unfair to include the Philippines in the embargo list of countries employing unsafe methods in harvesting shrimps and prawns," Bautista said.

US is the Philippines' second largest prawn export market, with Japan topping the list. Last year, prawn exports reached \$20 million, slightly lower than the previous year's \$26.6 million prawn exports.

In the case of mangoes, Bautista said, the Philippines is seeking a definitive procedure on the actual quarantine procedure. As a result, Bautista said, local mango growers could not penetrate the US market.

On garments, Bautista said, the Philippines is awaiting the US response on its new regulations on rules of origin. Majority or 60 percent of the country's total garment exports are geared for US market. According to Bautista, the new ruling is violative of the rules embodied in the World Trade Organization.

Philippines Official Denies New PRC Structures on Mischief Reef

BK1806055296 Manila THE MANILA CHRONICLE in English 3 Jun 96 p 3

[Report by Bert Castro and Edith Alejandro]

[FBIS Transcribed Text] Foreign Affairs Secretary Domingo Siazon Jr. said there was nothing to be alarmed about regarding the reported invasion by

Chinese naval forces into the Mischief Reef in the Spratlys group of islands.

He insisted that contrary to the latest briefing by Defense Secretary Arturo Enrile there are no new constructions in that part of the Spratly Islands being claimed by the Philippines.

Enrile had earlier told the press about new sightings of installations and communications equipment on the island reportedly constructed by Chinese naval men.

The defense chief said these new constructions were not for use of Chinese fishermen who occasionally take rest at the place but for military purposes.

Siazon said he would still wait for "alarming" incidents before advising Malacanang to make any diplomatic move on the matter.

The foreign secretary made the statement during the joint briefing of the Joint Commission on Bilateral Cooperation (JCBC) between Philippines and Malaysia at the Makati Shangri-la Hotel.

The briefing was preceded by the signing of a memorandum of understanding between the two Asean members about the protection of the turtles that inhabit the Turtle Islands in their borders.

Meanwhile, the Philippine might consult its American counterparts on the reported Chinese maritime expansion declaration when it meet this June for the Mutual Defense Board meeting in Manila, Armed Forces chief of staff General Arturo Enrile said.

But he refused to elaborate when asked what issues would be tackled on the coming board meeting, saying only that the unilateral declaration of China "might be included in our agenda."

Philippines: Antiterrorist Unit on APEC Security Plans

BK1806070896 Manila BUSINESS WORLD
in English 4 Jun 96 p 10

[Report by Carlo B.M. Santos]

[FBIS Transcribed Text] Officials of the Armed Forces of the Philippines (AFP) yesterday bared plans to deploy counter-terrorist troops as additional security for the Asia Pacific Economic Cooperation (APEC) meeting this November.

In an interview, AFP chief Gen. Arturo Enrile said a newly created counter-terrorist unit will act as a support group to forces assigned to act as security for APEC delegates.

Yesterday marked the formal integration of the army's elite forces — the Special Forces Regiment, the First

Scout Ranger Regiment and the Psychological Operations Group — into the Special Operations Command (Socom).

Early this year, selected elements from the Philippine National Police and the military underwent counter-terrorist training for a month to prepare for the APEC meet.

Mr. Enrile said the Socom is especially designed to act as a ready deployment force of the AFP, capable of being launched anywhere at any given time to deal with situations ranging from disaster operations to counter-terrorist operations.

"We do hope that they don't actually get deployed to meet an actual terrorist threat. At this point there is nothing to worry about," Mr. Enrile commented.

Defense Undersecretary Feliciano Gacis, who was the guest of honor during yesterday's ceremonies, said the Socom would be the best group to protect APEC delegates in a time when "we cannot afford to embarrass the government."

Army chief Lt. Gen. Clemente Mariano yesterday said that Socom will not only be capable of neutralizing terrorist threats but is also designed to penetrate enemy lines and "strike at the hearts and minds of the enemy".

As proof of this statement, members of the three branches yesterday conducted a capability demonstration by simulating counter-terrorist actions against a terrorist hostage-taker and conducting simulated disaster relief and rescue operations.

Mr. Enrile said the integration of the three units under the command is just the beginning of a series of integration measures under the AFP modernization program. "This is a part of creating an army that is less in number but better in terms of effectivity," he said.

He added that the new unit will have a strength of about 5,000 men and women, more than half of which will come from the Special Forces.

Meanwhile, Mr. Gacis said the new group will also participate in national emergencies such as calamities.

"They will be the first line of operations and will be in the calamity area before the Department of Social Welfare and Development to act as doctors and social workers and be ready to give food to the victims," he said.

The move to field the Socom came after the Bureau of Immigration and Deportation said there are approximately 300 suspected foreign terrorists in the country today.

Last Saturday morning, elements of the Eastern Police District Command defused a home-made incendiary bomb planted inside the EDSA [Epifanio de los Santos Avenue] Shangri-La Hotel, a day after the conclusion of the 18th Association of Southeast Asian General Managers Conference at the same hotel.

Approximately 200 foreign delegates were in danger during the bomb try. Probers are now determining whether the attempt was made to embarrass the government.

Philippines: Agreement To Expand Regional Air Links Noted

*BK1806054896 Manila PNA in English
1046 GMT 17 Jun 96*

[Report by Lynda B. Valencia — received via Internet]

[FBIS Transcribed Text] Manila, June 17 (PNA) — The formation of a unified airline system to intensify air links for the Brunei Darussalam, Indonesia, Malaysia, Philippines-East ASEAN Growth Area (BIMP-EAGA) will soon be a reality.

This was disclosed by Civil Aeronautics Board (CAB) Executive Director Silvestre Pascual who headed the delegation during the recently concluded meeting on the expansion of air linkages.

Pascual said that President Fidel V. Ramos and Prime Minister Mahathir Mohammad has discussed this initiative during their visit to Tokyo last month.

Members of the working groups discussed commercial airline cooperative arrangements like code sharing, block seat arrangement, joint services, interline feeding, and joint marketing efforts.

One of the main accomplishments of the working group is the signing of a memorandum of understanding (MOU) on the expansion of air linkages.

The MOU formalized the establishments of air linkages points and designation of official airlines to serve specific routes.

Brunei Darussalam's Royal Brunei Airlines will service Bandar Seri Begawan; Indonesia's PT Merpati Nusantara Airlines and PT Bouraq Airlines will service Balikpapan, Pontianak, Manado, and Tarakan; Malaysia Airlines and Sabah Air will service Kota Kinabalu, Kuching, Labuan, and Miri; while the Philippine Airlines (PAL) will service, Davao, General Santos, Zamboanga, and Puerto Princessa.

Earlier, Tourism Region II Director Catalina Dakudao said that current flight schedules within the BIMP-EAGA leave much to be desired.

Dakudao said that the formulation of a joint promotion program for existing services and new routes will further improve traffic volume and will provide attractive package for tourists within and outside EAGA.

Meanwhile, Corporate Air, which will be renamed Mindanao Express, will start its operations in Mindanao by August.

Pascual said that CAB has advised Corporate Air to change its name to Mindanao Express so it will have a Mindanao identity.

President Ramos has designated Corporate Air as the second national carrier to serve the BIMP-EAGA routes.

A report by the Office of the Presidential Assistant for Mindanao stated that Corporate Air plans to have Zamboanga, Davao, and General Santos as its bases of operations.

Aside from initially serving the Davao-General Santos, Davao-Zamboanga, the airline also intends to serve routes linking Mindanao to other BIMP-EAGA destinations.

Bouraq Airlines also plans to increase its flight frequencies. It now flies the Manado, Indonesia-Davao, Philippines route twice a week.

Philippines Official: Investment Act Not Partial to Foreigners

*BK1806074796 Manila BUSINESS WORLD
in English 17 Jun 96*

[Report by Elisha R. Garcia — received via Internet]

[FBIS Transcribed Text] The National Economic and Development Authority (NEDA) has assured that the passage of the Foreign Investments Act (FIA), otherwise known as Republic Act 8179, will not give foreign investors undue favor over their local counterparts.

Although local business stands to experience increased competition with the entry of more direct investments here, Margarita Singco, NEDA director for trade, industries and utilities sector, said the measure will not endanger the local business climate since most of the industries to be opened under the FIA are currently adequately served by Filipinos.

NEDA is set to conduct a consultative meeting with members of the local and foreign chambers of commerce on the Implementing Rules and Regulations (IRR) of the FIA. The IRR will be submitted for final approval to the NEDA Board.

Ms. Songco said the participation of the local business groups in the consultative meeting, scheduled on

Wednesday, 19 June, is expected to generate constructive inputs and comments on the IRR before it becomes final and applicable to all types of businesses.

"This exercise will be a consensus-building one especially for small- and medium-scale entrepreneurs who may seem most affected by increased competition," Ms. Songco said.

Flexibility [subhead]

Local business groups have earlier pointed out the need for flexibility in their operations to be able to prepare themselves against any foreign protectionist policies arising from the ASEAN Free Trade Area and the World Trade Organization.

Highlights of the draft IRR obtained by BUSINESS WORLD are:

- the redefinition of a domestic-market enterprise allowing them to export a portion of its output if it so wishes;
 - the registration of investments of non-Philippine nationals in small- and medium-sized enterprises with a paid-in capital of \$200,000 or not less than \$100,000;
 - the granting of privilege for former natural-born Filipinos to engage in investment areas;
 - the deletion of the foreign investments' negative C list; and
 - the inclusion of cooperatives, development banks, thrift banks and private development banks in the list of industries where former natural-born Filipinos may invest in and the granting of their rights to own private land with a maximum area of 5,000 square meters in an urban area, or up to three hectares in a rural area.
- Once the NEDA board approves the IRR, the FIA is expected to take effect 15 days after publication in a newspaper of general circulation.

Philippines: 'Cracks' Reportedly Appear in Opposition Laban Party

BK1506101296 Manila MANILA BULLETIN in English 15 Jun 96

[Received via Internet]

[FBIS Transcribed Text] Cracks within the opposition Laban (ag Demokratikong Pilipino (LDP) [Struggle of Filipino Democrats—Laban] surfaced again yesterday barely two weeks after its national congress affirmed the leadership of party national chairman Senate Minority Floor Leader Edgardo Angara. Rep. Herminio Aquino revealed at the Friday Forum in Rembrandt Hotel, Quezon City, that at least 10 Laban congressmen did not

want to quit as chairmen or vice chairmen of committees in the House of Representatives.

Being one of those called upon to quit top House committee positions, Aquino dared Angara to subject him to party disciplinary measures for defying a party decision. These posts were given Laban solons as members of the Rainbow Coalition headed by Speaker Jose de Venecia.

Aquino added that Sen. Gloria Macapagal Arroyo has started seriously eyeing the party nomination as standard bearer for the 1998 presidential election, because she is a strong contender who can give Vice President Joseph Estrada a "good fight." The Laban national congress last May 31 formally terminated its alliance with the administration Lakas-NUCD [Power of the Nation-National Union of Christian Democrats] party and retained Angara as national chairman. Aquino expressed the view that Laban congressmen need not resign as committee chairmen and vice chairmen because such positions are not a party matter.

He stressed that Laban members in the House will resign their posts only when Laban senators also give up their committee chairmanships.

"Their holding on to their committees is a clear indication that this is their individual right, and not of the party," Aquino said, referring to Laban senators who head committees as members of the New Majority supporting Senate President Neptali Gonzales, Laban president emeritus.

"I am ready to face the consequences of my act and I believe the party must act on the issue," Aquino said.

Among the others who have not resigned their posts were Congressmen Jose Cojuangco Jr. chairman of the special committee on food security; Amado Bagatsing, chairman of the committee on civil service and professional regulations; Emigdio Tanjuatco, chairman of the committee on suffrage and electoral reforms; and Carmelo Lazatin, chairman of the special committee on bases conversion.

Also holding on to their posts as committee vice chairmen were Angel Carloto, committee on population; Neptali Gonzales Jr., committee on rules; and Thelma Z. Almario, committee on appropriations.

But six Laban congressmen led by Rep. Teresa Aquino Oreta of Malabon-Navotas had tendered their resignations as committee officers.

Philippines: Communist Chief Orders Visayas Troops Reactivation

BK1806071096 Manila BUSINESS WORLD
in English 14 Jun 96

[Report by Carlo B.M Santos — received via Internet]

[FBIS Transcribed Text] The Communist Party of the Philippines (CPP) is taking advantage of the deadlock in government-National Democratic Front (NDF) peace talks to reactivate its troops in the Visayas region as a way of enhancing leverage for these talks.

Armed Forces officials yesterday said the CPP has reactivated its military arm in Bohol and is recruiting actively in the countryside.

As this developed, AFP spokesman Brig. Gen. Victor Garcia said the Center for Peasant Development (CPD), the umbrella organization of the Task Force Detainee of the Philippines, has lost its foreign funding.

Mr. Garcia cited intelligence reports indicating alleged CPP chairman Jose Maria Sison has ordered the revival of a "communist-Stalinist faction" in the CPP Visayas Commission. Mr. Sison reportedly issued his directive through CPP vice-chairman Benito Tiamzon and Fr. [Father] Frank Fernandez, secretary of the CPP Negros Island executive committee.

Mr. Garcia said the move to reactivate the NPA unit, which has been dormant for at least three years, is part of a master plan to recover their former military strongholds in the barangays [villages] and municipalities of Bohol.

He added the CPP is targeting students for recruitment, particularly those belonging to state colleges who have been increasingly critical of government programs.

The CPP aims to use student recruits to help conduct propaganda, recruitment and mobilization campaigns in urban areas.

The military also claimed the CPD has approached a congressman and a senator to help fund its quarterly publication, Kalasag, but declined to name the solons concerned.

The CPD is reportedly looking for other sources of funds after the Netherlands-based Christian Aids, its traditional benefactor, had ceased providing funds after unearthing anomalies in the CPD's use of these funds. Still, the CPD has managed to retain its sole Swiss financier, which the military has yet to identify.

Thailand

Thailand: Trade Official Warns About New U.S. Labelling Rule

BK1806055696 Bangkok BANGKOK POST
in English 18 Jun 96 p 15

[Unattributed report]

[FBIS Transcribed Text] New American rules for defining where textiles and garments come from could cost Thailand 110 million baht in export earnings, a senior Foreign Trade Department official warned yesterday.

The new rules would prevent Thailand sticking "made in Thailand" labels on bed sheets, covers and other textiles products using cloth imported from Pakistan.

The products would be labelled "made in Pakistan" instead and Thai exporters would be deprived of selling them because they would come under Pakistan's quotas.

Incomplete garments shipped from Thailand to the European Union for finishing and further export to the United States would also suffer because of Washington's new rules of origin, said Sumittra Worakunchaloem, deputy director general of the Foreign Trade Department.

The new rules would force European finishing companies to label the garments "made in Thailand" instead of in a European country. The products would have to come under Thai quotas, reducing Thailand's total exports.

Thailand will soon hold bilateral talks with the US to seek compensation for the loss of trade, she said.

Compensation will be difficult to calculate because different units are used to describe the unfinished and finished garments, she added. The Thai exports to the EU are measured in kilogrammes while the finished products exported from the EU to the United States are measured in square metres.

Thailand says the 23 million kilogrammes of textiles exported to the EU should be equal to 170 million square metres, but the US wants to examine the figure before reaching any conclusion.

Some analysts predict that rules of origin will become an increasingly controversial subject in international trade because they can be manipulated for protectionist [as published] reasons.

Thailand: Outcome of U.S. Envoys' Trip on Burma Viewed

BK1706145096 Bangkok MATICHON in Thai 17 Jun 96 p 6

[Commentary by Siriwi Thongnak: "Once More About Burma"]

[FBIS Translated Text] Many pairs of eyes are anxiously watching the situation in Burma after the SLORC [State Law and Order Restoration Council] imposed a new law aimed at inhibiting the opposition led by Aung San Suu Kyi, the fighter for democracy in Burma, out of fear of an outbreak of violent confrontation between the fighters for democracy and the Burmese military government. They wonder what a superpower like the United States will do about the situation.

Playing the role of defender of peace, U.S. President Bill Clinton has sent former U.S. Ambassador to Thailand William Brown and Stanley Roth, a national security specialist, on a tour to Japan, the Philippines, Singapore, Malaysia, Indonesia, and Thailand, reportedly to sound out the attitude of those countries and to persuade them to take some kind of action to bring real democracy to Burma. Even before the two U.S. envoys began to talk to the Singapore Government, they encountered a challenge from Lee Kuan Yew, the outspoken Singaporean statesman and longstanding politician, who said: "Pressure from outside could lead to disaster in Burma, as in the case of Bosnia." Lee added that the Burmese people must accept the fact that only the Burmese Armed Forces is capable of administering the country.

The remarks made by the U.S. presidential envoys after the conclusion of their consultations with senior officials of ASEAN countries did not sound very convincing, and the measures aimed at pressuring Burma did not appear to be very demanding. Perhaps the United States has realized by now the attitude of Burma's ASEAN neighbors and of Japan, a major provider of financial aid to Burma. As if planned in advance, the ASEAN countries expressed the same view that their position toward Burma remain unchanged, and the policy of constructive engagement is the best course.

After brief consultations with ASEAN envoys in Thailand to detect any diversion of views among ASEAN countries toward Burma, Amnuai Wirawan, Thai foreign minister and concurrently deputy prime minister, emphasized that "there is no desire to interfere in Burmese internal affairs, and the policy of isolation of Burma is not appropriate." This shows that the ASEAN countries side wholeheartedly with Burma and ignore the human rights abuses currently suffered by the democracy-loving Burmese people.

Maybe ASEAN is bent on transforming ASEAN into the community of 10 Southeast Asian nations, ignoring any problem that may result. Maybe the U.S. envoys will be returning home empty-handed.

Thailand: Bangkok Bank Hosts Banquet for PRC's Lu Ping

BK1806115096 Bangkok XING XIAN RIBAO in Chinese 18 Jun 96 p 8

[Unattributed Report]

[FBIS Translated Text] Lu Ping, director of the Hong Kong and Macau Affairs Office of the Chinese State Council, and his five-member delegation is on an official visit to Thailand from 15 to 18 June as guests of the Foreign Ministry. The Bangkok Bank held a party in honor of the delegation at its headquarters on Silom Road on the evening of 17 June. At the party, Mr. Lu Ping delivered a speech entitled: "Hong Kong After 1997."

Mr. Lu Ping is an important person, who has the decisionmaking power over the Chinese Government's policy towards Hong Kong and over Hong Kong's future, when Hong Kong reverts to Chinese rule in 1997. In his address, he mainly explained China's policy toward Hong Kong, which is of common interest to all countries in the world. The matter has also drawn the attention of Thai people from various circles, especially from businessmen who have business contacts with Hong Kong and who have investments there.

Also invited by the Bangkok Bank to the party last night were government officials and people from industrial and commercial circles, including senior officials from the Foreign Ministry, the Commerce Ministry, and the Finance Ministry; well-known businessmen; customers of the bank; local and foreign journalists; academics; representatives of Thai commercial banks that have branches in Hong Kong; and representatives of the Bangkok branches of foreign banks.

Thailand: Banhan Receives PRC's Hong Kong Affairs Director

BK1706163096 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 17 Jun 96

[FBIS Transcribed Text] Lu Ping, director of the Hong Kong and Macau Affairs Office of the State Council of the PRC, is on an official visit to Thailand. He paid a courtesy call on Prime Minister Banhan Sinlapa-acha today. Talking to reporters after the meeting with Lu Ping, Prime Minister Banhan said that the Chinese side had assured him that Hong Kong will not be changed to a socialist system. The Chinese side also assured that

China will not interfere in Hong Kong and asked Thai investors to invest there with confidence. Banhan said:

[Begin Banhan recording] He is a high-level leader and will look after Hong Kong. What he briefed us on today had been authorized by his government. He is also on the visit as the guest of the Foreign Ministry. So, his words are trustworthy. [end recording]

[Hong Kong AFP in English at 1546 GMT on 17 June also reports on Lu Ping's visit to Thailand. According to AFP, Lu Ping said that Hong Kong's return to Chinese rule in July 1997 would mark not the end, but the beginning of democracy in the British colony.

AFP says: "There is no question of the end of democracy after Chinese rule, it is rather the beginning." Lu told a gathering of Thai businessmen and government officials at the headquarters of the Thai-Chinese owned Bangkok Bank.

"The ultimate aim is the election by universal suffrage—that is, one man, one vote—of the chief executive and the entire legislative council," the senior Chinese official said.

"Democracy would be progressively introduced from the zero-base of 1984, when there were still no elected legislators after one-and-a-half centuries of British rule, he said. The current council, however, in which Hong Kong's democratic activists captured many of the elected seats and which Lu referred to as a British legislature, had no legal basis, he said. Britain altered the law under which the elections took place without China's consent in contradiction of the Basic Law, the miniconstitution agreed to by the two governments, Lu said.

"Beijing's 'only choice' to fill the vacuum in accordance with the Basic law, which stipulated that laws would be made by the Hong Kong people, not mainlanders, was to form an interim body, he said.

"Lu Ping said a provisional legislative council, with restricted powers and a term of no more than one year, would be chosen by the Hong Kong electoral college, and would enact laws that the Basic Law barred the 'British legislature' from considering. Among them would be laws concerning the application of the Chinese nationality act in Hong Kong and new election laws."

Thailand: Military Intelligence Confirms Pol Pot Dead

*BK1806022496 Bangkok BANGKOK POST
in English 18 Jun 96 p 1*

[Unattributed report]

[FBIS Transcribed Text] Thai military intelligence confirms that Pol Pot is dead, Army Commander-in-Chief Pramon Phalasin said yesterday.

Gen. Pramon said the circumstances surrounding the Khmer Rouge leader's death had yet to be pieced together and he was awaiting further information.

[Hong Kong AFP in English at 0212 GMT on 18 Jun in Bangkok- datelined report, adds the following: "In Phnom Penh, a senior intelligence officer with the Cambodian Ministry of Interior said he had a report that Pol Pot was buried at the rebel's military stronghold of Phnom Malai on June 6.

"I do not have any documents to support this, but this is what we have heard," the officer said."

Thailand: Supreme Commander Blacklists Canadian Arms Agent

*BK1806052496 Bangkok BANGKOK POST
in English 18 Jun 96 p 1*

[Unattributed report]

[FBIS Transcribed Text] An agent for a Canadian arms firm has been blacklisted following a leaflet campaign attacking the Supreme Command over an order for French armoured cars.

The agent had caused damage to the armed forces after its vehicles were rejected because they were too expensive, said a source at the Supreme Command.

Supreme Commander Wirot Saengsanit, who declined to identify the agent, has told military leaders dealers who behave in such a way will be blacklisted.

Gen. Wirot said the leaflets were the work of a dealer which had lost in a bidding contest. Its identity was known from the fax number of a leaflet sent to Television Channel 7.

He said he had met defence attaches at the embassies of Canada, Germany, France and the United States to explain the decision. Some dealers, he said, padded the price per armoured car by \$100,000- \$200,000 without the knowledge of their embassies, Gen. Wirot said.

From now on, he said, the military and the police will not buy equipment from the arms dealer on the blacklist.

He made his comments to Army commander Pramon Phalasin, Navy commander Prachet Siridet, Air Force commander M.R. [Mom Ratchawong — royal title] Siriphong Thongyai, Armed Forces chief-of-staff Mongkhon Amphonphisit and Police director Phot Bun-yachinda.

A source said the blacklisted company is Hawkeye Intergrade, and the military is also keeping an eye on two other dealers for the same reason.

A Hawkeye executive denied knowledge of the leaflets and suggested the company had been framed. "I am a professional," he said. "I will not do anything in such a suicidal way.

"I will seek justice from the Supreme Commander. I can swear in front of the Emerald Buddha that I did not do that," he said

However, he maintained the choice of French armoured cars was unfair to other dealers because the bid envelopes had not been opened in public.

Five arms dealers submitted proposals to the Supreme Command: Naowarat Phatthanodom offered V-300 armoured cars from Cadillac Gage of the US, Germany's sales agent Chaiseri Co, Hawkeye Intergrade, and Thai Armament of GIAT Intergrade of France.

Prime Minister Banhan Sinlapa-acha, in June 11 talks with military leaders including Gen. Wirot, agreed to give the Supreme Command an additional five billion baht from the 1997 budget for distribution to the three armed forces.

The Army is to get the largest share to buy 295 armoured cars worth five billion baht with a four-year tied-over budget.

A joint committee of the Supreme Command and Army chaired by Chief-of-Staff Gen. Mongkhon was set up to arrange the order for French armoured cars for the Second Infantry Regiment in Prachin Buri.

With the additional allocation, the Supreme Command will buy 17 light tanks for the Navy's Chanthaburi-Trat Task Force. A joint Supreme Command-Navy committee is considering the procurement. The Air Force will also get a share to buy radar equipment.

Thailand: Foreign Minister on Mekong Fund, Asian Rail Links

BK1706051896 Bangkok THE NATION in English
17 Jun 96 p A1, A2

[Report by Kuniachada Chaiphiphat]

[FBIS Transcribed Text] Testing ASEAN's sincerity in aiding the Mekong River states, Thailand will throw its

full support behind jump-starting a special development fund approved in December.

ASEAN leaders agreed to launch the fund to help turn the poverty-stricken Mekong subregion into the growth centre.

Deputy Prime Minister and Foreign Minister Amnuai Wirawan said the fund would demonstrate ASEAN's sincerity in launching a united effort to help poorer states in the subregion catch up with ASEAN.

A central fund for external development is unusual for ASEAN, which does not regard its members as donor states, but as Amnuai said, "promises without pay mean nothing".

Thailand's proposal in December to open an ASEAN development fund to help Indochina and Burma integrate with ASEAN was turned down by the grouping because they said ASEAN is not ready for donor status.

But the Mekong development fund, the scale of which would presumably be much greater because Chinese territory is part of the subregion, was an alternative proposed by Malaysia at a meeting in Langkawi last month.

The size and the structure of the fund must be discussed in detail, but Amnuai suggested it should not attempt to cover the huge cost of infrastructure construction which could instead be financed by rich nations. Instead, he said, it could address the cost of software for feasibility studies and technical training.

Amnuai announced Thailand's position as he departed for a ministerial meeting beginning today in Kuala Lumpur. Eleven nations will be represented: the seven ASEAN states — Thailand, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Vietnam — and Laos, Cambodia, Burma and China.

The meeting will be Amnuai's international debut as foreign minister and a test of how well he mixes his articulate knowledge of global economic affairs with diplomacy. Amnuai said ASEAN should be realistic and take stock of its expertise and financial capabilities in framing the new cooperative scheme for the Mekong.

Blueprints for the Mekong development already exist and have been regularly updated over the past three decades by international experts, but little has occurred beyond the drawing board due to a lack of political stability and problems related to software.

Amnuai said the simplest way to confront the region's overriding needs would be for ASEAN to enhance its training programmes already in place. Thailand has technical training expertise in agriculture and public

health, while Singapore has the edge in teaching English and economic management.

"ASEAN should first look at the practical benefits that could accrue from the new initiative within the existing regional framework, the overriding needs of this region and the realities of the situation," he said.

The businessman-cum-politician downplayed the urgency of a multi-billion-baht, high-speed rail link between Singapore and Beijing via the Mekong states. In terms of the most pressing needs of the region, that project is worth studying, but is more likely to be fully addressed in another 30 to 50 years, when the region will be less poor. "Great vision is admirable, but dollars and cents are another matter," he said, estimating the rail project would cost Bt100 million per kilometre.

Singapore and Malaysia are the main drivers behind the Pan-Asia high-speed train that would eventually extend to Europe. The project already received the endorsement of Germany, France and South Korea, among other countries, at the Asia-Europe meeting in Bangkok in March.

"For Japan, it's worth having the Shinkansen (high-speed commuter trains) to save businessmen time with quick, comfortable rides on which they can sip coffee and read the newspapers," Amnuai said, "but for the low-cost transportation of goods, a low-speed train would be more reasonable."

To reflect economic reality and current needs, an interconnected and convenient low-speed rail project that will generate trade and investment in the emerging markets of Indochina, Burma and southern China should be the priority.

Two proposed Singapore-Kunming routes via Bangkok are to be discussed at the meeting in Kuala Lumpur. One route would use some existing track, but its longer stretch through Cambodia, and the entire other route, must be built from scratch.

According to Amnuai, Thailand will undoubtedly agree to both routes as being essential in accelerating the economic development of the Mekong subregion, but he warned that the technical and economic aspects and current demand should be taken into account. Also to be considered is China's planned rail link between Yunnan province and the Indian Ocean via Burma.

"Malaysia may want the route via Cambodia and Vietnam, considering the population and the growth of Vietnam's coastal towns, and the viability of connecting to its deep-sea port at Danang," Amnuai noted. "Laos wants the route to go through Vientiane and other towns

near the Mekong River, which is considered its biggest growth area."

He suggested his proposal to have ASEAN share 10 per cent of the cost of building a second bridge across the Mekong, between Mukdahan in Thailand and Laos' Savannakhet, would help cash-strapped Vientiane meet its financial obligations.

"If ASEAN is determined to help the Indochinese states, this could be among the viable projects to begin with," he said. The bridge, the cost of which both countries have already agreed to split 50-50, will, along with Highway 9 in southern Laos, provide a new access route to Vietnam's deep-sea port.

Thailand: Editorial Views Banhan's 'Crisis of Numbers'

*BK1806064796 Bangkok THAILAND TIMES
in English 18 Jun 96 p A4*

[Editorial: "The Choice Between a Statesman And a Politician"]

[FBIS Transcribed Text] Banhan Sinlapa-acha still legally enjoys the position as Prime Minister but he has gone somewhat bankrupt in terms of political legitimacy to stay on as the top executive.

Constitutionally speaking, Banhan is premier by being the leader of the party which has the most seats in the House of Representatives. His premiership therefore corresponds to the provisions in the charter, as well as to traditions recognized by many societies operating under a democracy.

However, no one, including Banhan, could deny the fact that the public has become disillusioned with the way the present government has been operating of late. People are especially unhappy with Banhan himself, who fumbled politically when he pre-empted the noconfidence debate against him. The general impression is that what happened was foul play unbecoming of a person who holds the highest executive post in the country.

Banhan is now seen as a person who has not measured up to people's expectations in terms of his quality as a leader or as being person who is trustworthy. The fact that he handpicked his protégé for the important post of finance minister reflected the fact that he is prone to grasp power at the expense of public interest.

He concurrently holds the portfolio of the interior and the premiership while also exerting control on the ministry of finance. This reflects that he is trying to gain control and exert his power at all costs, even at the expense of the very system Thai society has been trying to nurture. The name of the game for him is political

survival and political gain, irrespective of the fact that in the long run, such an endeavor will cause the loss of faith in the system and turn people away from the very political process that is their last resource.

What is of grave concern to many is the fact that Banhan seems to suffer from a lack of credibility. Any word he utters is viewed with suspicion and is taken as a political ploy or gimmick. Very few people take what he says at face value. Doubts linger in the minds of those who feel that Banhan can not be taken as a straightforward man.

By being a seasoned politician with ample business experience, he can not be taken merely as a person with a simple past. All these factors combined help turn Banhan into a person whom many would keep at arm's length. How can a premier operate under such an atmosphere of mistrust?

The above situation is aggravated by the fact that Banhan is now facing a political crisis. It is a crisis of numbers. After the pulling out of the Prachakon Thai Party on June 15, the Banhan coalition government was left with a small margin. This is a risky situation. What will happen if the expected no-confidence debate takes place in July? Prachakon Thai will likely abstain from voting and the Thoet Thai faction and its offshoot Group of 16 may also follow suit. This could leave Banhan with so small a margin that he would be forced to either step down or declare the House of Representatives dissolved.

If he declares the House of Representatives dissolved, it is very unlikely that the Chat Thai Party could come back to take the most seats in parliament. The Thoet Thai faction and the Group of 16 may opt out of the party and in essence, this would mean that Banhan would never come back as premier.

The alternative is for him to step down and let other parties, be it the New Aspiration, Chat Phatthana or the Democrats, form a new government. This would have the effect of maintaining the House of Representatives and prolong the tenure of an elected government, although a new premier and Cabinet would be formed. If Banhan decides to make this choice, he will be eulogized as a statesman. But a statesman he may not be. Chances are he will choose to remain a politician, who sees only the short-term gains rather than the long-term interests for the nation and its people.

Vietnam

SRV Commentary Predicts Booming Trade Relations With U.S.

BK1806022696 Hanoi Voice of Vietnam in English
1000 GMT 17 Jun 96

[Station commentary]

[FBIS Transcribed Text] Ambassador Le Bang, charge d'affaires of Vietnam to the United States, has predicted that by the end of this year Vietnam and the United States would finalize the draft trade agreement and that bilateral relations would take further steps of development in the coming years. Our radio commentator reviews the prediction:

Although it is the presidential election year, President Bill Clinton and his administration are determined to bring the U.S.- Vietnamese relationship to a new stage of development. President Clinton has appointed Mr. Peter Peterson ambassador to Vietnam. The decision needs to be approved by the U.S. Senate.

Meanwhile, Vietnam is about to appoint an ambassador to the United States. The two sides are considering the establishment of general consulates in Ho Chi Minh City and San Francisco and are speeding up preparations for the signing of the trade agreement. Pending the agreement, many American companies have come to Vietnam to study the market and legal environment to prepare for future investment.

Two-way trade turnover between Vietnam and the United States last year reached \$500 million, and U.S. investment in Vietnam to date is \$1.2 billion. Some American companies based in Connecticut are interested in the construction of airports, seaports, and shipbuilding in Vietnam.

Vietnam is now exporting rice, coffee, pepper, cashew nut, rubber, maritime products, and embroidery items to the United States of America. It has planned to add garment, paper, and textile products.

These developments prove that once the trade agreement is signed, especially when ambassadors to both countries are appointed, bilateral relations between the United States and Vietnam will see more positive development.

SRV Delegation Attends ASEAN Journalism Conference

BK1806074896 Hanoi VNA in English
0705 GMT 18 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 18 — A Vietnamese delegation from the Ministry of Culture and Information and the VIETNAM NEWS AGENCY

(VNA) are attending a three-day ASEAN editors' conference held in Subic Bay, the Philippines, beginning today.

Vietnam, which became an official member of the Association of Southeast Asian Nations (ASEAN) in July last year, joins the conference for the first time.

The conference which brings together 64 journalists from its member countries will address the issues of how media in ASEAN member countries are adapting to new socio-economic realities, ASEAN through the years and into the future, and how media can help promote the ASEAN image.

Speaking at the conference, Mr Nguyen Quoc Uy, deputy director of the Editorial Secretariat and External Relations Department of VNA and head of the Vietnamese delegation, stressed that the Government of Vietnam supports information exchange among nations, especially among the region. This is so that people in other countries can have a better understanding of the situation in Vietnam, and that its people, for their part, can be aware of developments in the world, thus consolidating and further strengthening their cooperation and friendship with other peoples worldwide.

On June 17, representatives from ASEAN national news agencies had a meeting where they welcomed VIETNAM NEWS AGENCY as a full member of ASEAN News Exchange (ANEX). They reviewed their cooperation since the last meeting in the Philippines, in October, 1995, and discussed ways to improve coordination and communication among member nations and facilitate the exchange of higher quality news and information among ASEAN countries.

SRV: Tamexco Corruption Investigation Reveals Big Losses

962E0051 Hanoi LAO DONG in Vietnamese
28 Apr 96 p 3

[Article by Tran Quang: "Ho Chi Minh City: Tamexco With 400 Billion Dong of Losses"]

[FBIS Translated Text] *After more than four months of investigation in the case of extremely serious corruption at Tamexco Corporation, the public security organ in charge has brought charges of various offenses against 15 defendants. The losses determined were about 400 billion dong. Pham Huy Phuoc was found to "have pocketed" 57 billion dong, to have spent 1.4 billion in gambling, to have spent "for diplomatic reasons" US\$1.6 million, to have spent for "close female friends" 2.9 billion dong. We can say that this is the case that has so far caused the biggest losses and has aroused angry public opinion. In fact, the signs of bankruptcy*

of Tamexco after a year of operations had been quite obvious. However....

From the signs of bankruptcy...

On 1 March 1989, the Ho Chi Minh City People's Committee signed Decision No 84/QDUB to authorize the establishment of Export-Import Goods Production, Business, and Supply Services Corporation to be subordinate to the Tan Binh District CPV Committee. The new corporation did not get any capital provided through the state budget but acquired nearly 230 billion dong of loans and some 8.4 billion dong of self-provided capital. After more than a year of operations, Tamexco lost its ability to keep a balanced financial status and, early in 1991, found itself on the brink of bankruptcy as it had to pay interest to the banks to the amount of 3 billion dong per month (at the interest rate of 1.5 percent per month) in connection with loans totalling as much as US\$20 million it owed Vietcombank and FVB and resulting from the fact that it had imported goods bought at high prices and had sold these goods at lower prices. In the face of this actual situation, Pham Huy Phuoc "directed" the accounting section of his corporation to resort to a "phantom" accounting book going hand in hand with the primary one. A series of "false reports" was sent to the organs concerned to confirm "large profits," and of course Pham Huy Phuoc was very reasonable in giving gifts, spending diplomatic money, and sending invitations to "entertainment" to foreign countries. All these activities cost US\$1.6 million. We must add here that in this period many retired cadres and party members in Tan Binh District sent letters to the organs in charge to accuse Pham Huy Phuoc of committing acts of corruption and backwardness. Almost all of their accusations were nearly identical to the results of the investigation that took place later. However, the former "defrauding" director continued to receive "affection" and on 22 December 1993 was permitted to establish the state business to be subordinate to the Financial and Management Committee of the Provincial CPV Committee.

...To the "sharing, spending" magical illusion

As he faced the risk of showing his real defrauding character, Pham Huy Phuoc consulted with many "corruption specialists" and outlined a strategic plan for *burying money in real estate*. Then he managed to get official registration to raise the value of land by 100 times its real value so as to erase the traces of black funds, to continue to steal from the state, and mostly to let the banks' "senior people" who had wrongly granted him loans "legitimate" many of such illegal loans.

Indeed, after having agreed on the "sharing, spending" conditions, on 22 July 1994, Tran Quang Vinh (former

director of Binh Gia Corporation, Ltd.) signed Contract No 107/HD-KT to cede to Pham Huy Phuoc the usage rights over 90,000 square meters of agricultural land at the price of 650,000 dong per square meter. The total value of the contract was 58.5 billion dong. Pham Huy Phuoc paid Tran Quang Vinh only 59,148 billion dong (including 41,608 billion worth of inventory goods and the rest in cash). Among the 20 checks that Tran Quang Vinh signed to pay cash there were 4 totaling 12.5 billion dong that represented false spending items just for Pham Huy Phuoc to put into his pocket. Due to the fact that he was not yet authorized to transfer the usage rights, Tran Quang Vinh signed a power of attorney in favor of Tamexco and Le Duc Canh, who now registered the agricultural land as residential land having a value of 360 billion dong. More serious was the ceding of land involving Le Minh Hai (former director of Dolphin Corp., Ltd.). On 1 October 1994, Pham Huy Phuoc signed Contract No 7/HDKT to buy from Hai the house at 40/2 Quoc Lo 51, Municipality of Vung Tau, sitting on a 140,000-square meter lot and valued at 54.6 billion dong. Later Le Duc Canh was assigned to re-register it in order to raise the value of this 140,000 square-meter lot from 54.6 billion to 210 billion dong. The results were Le Minh Hai ceded to Pham Huy Phuoc 507,535 square meters of land, and on his part Pham Huy Phuoc spent a total of 62.775 billion dong paid in cash and with the sales of loans and inventory goods. Le Minh Hai made a statement to the effect that of that sum of money 44.505 billion dong were false spending items because he only signed them without having accepted the money. That was understandable because Pham Huy Phuoc and Le Minh Hai knew the real value of the lot, i.e., 3 taels of gold per hectare, but with the talent of a (movie) director like Pham Huy Phuoc's, this value was certified as being in the billions. But the peak of Pham Huy Phuoc's "defrauding talent" really was the "loans-selling" formula, a new form of corruption. Indeed, in the course of Tamexco's in-the-red business, 142 enterprises and individuals owed the corporation a total of 32.768 billion dong. Pham Huy Phuoc had been ordering the accounting section to make false receipts in order to cancel the debts owed by these enterprises and individuals, such as the debts of nearly 5.26 billion owed by Sumato (a Japanese); 4.013 billion by Lam Chieu Thanh; 6.198 billion by Tran Minh Chien (TMS Corporation in Singapore), and so on. Only Pham Huy Phuoc knew whether these enterprises and individuals would later continue to pay back their debts.

And the hard-to-understand "affection"

In September 1993, Tamexco drafted a plan for borrowing US\$10 million from Vietcombank to import fertilizer and to use some of this money to do real estate business in the Bau Cat area. Nguyen Duy Lo, the Vietcombank director, approved a 12-month loan of US\$5.12 million. Although he knew that Pham Huy Phuoc put only a small part of the loan as investment in the Bau Cat area, he failed to look into the use of money to verify its correctness and instead approved an additional loan of US\$4.71 million. When he realized that Pham Huy Phuoc was unable to pay back the loans, he continued to legitimate them by adopting the cooperation-and-joint-enterprise formula, i.e., making Vietcombank contribute 60 percent of the capital invested in the Bau Cat business and deduct it from the sum of money (US\$9.83 million) that Tamexco still owed his bank. This joint-enterprise contract failed because Tamexco was unable to transfer the right of ownership of the Bau Cat land to Vietcombank. And in June 1995, Vietcombank had to reestablish the debt of US\$9.83 million through Contract No 0171/TD1-95, dated 28 May 1995. What was hard to understand was the fact that although Tamexco owed Vietcombank money in all the years from 1992 to 1995 and had no ability to pay back, Nguyen Duy Lo continued to approve new money: In January 1995, he let this debtor open an L/C account for importing 600 tons of cut tobacco at the cost of US\$1,340,851. Tamexco sold the tobacco and put the money in "its pocket" and thus continued "to skip" the debt payments. The "intimate" relationship between Nguyen Duy Lo and Pham Huy Phuoc became even more obvious when the former continued to sign letters of recommendation ensuring the loans totalling US\$4,878,000 that the latter would later get from FVB, through contracts 9300021 and 9400038.

Nguyen Duy Lo even asserted that "we pledge to pay back this loan if Tamexco does not pay it back."

The borrowing and ensuring of Tamexco's debts eventually resulted in a total of US\$16 million (not counting any interest). Tamexco has gone bankrupt. Pham Huy Phuoc is now in jail awaiting trial; the aftermath of the Tamexco case has been recognized as one that caused the most serious losses for the state. However, the fact that those people who have helped Pham Huy Phuoc still remain unaffected by any prosecution is something that is unacceptable.

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